This Offer is restricted to the holders of Class A shares and Class B shares of The J. H. Ashdown Hardware Company, Limited, but is not otherwise to be considered as a public offering.

No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence.

This Offer is not and under no circumstances is to be construed as an offer to any resident of the United States of America or of any of the territories or possessions thereof.

file

OFFER

To the holders of Class A shares and Class B shares

of

THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED

by

ACKLANDS LIMITED

The offer is one 6% Cumulative Redeemable Convertible Second Preference Share Series A with a par value of $16 of Acklands Limited for each Class A share or Class B share of The J. H. Ashdown Hardware Company, Limited.

The offer is open for acceptance up to and including July 31, 1968.

The offer will not be binding on Acklands Limited unless acceptances are received with respect to at least 90% of the Class B shares of The J. H. Ashdown Hardware Company, Limited. This condition may be waived by Acklands Limited.

The formal offer is on page 3 hereof.

CONTENTS

The following constitutes full, true and plain disclosure of all material facts relating to the Second Preference Shares Series A of Acklands Limited offered by it in exchange for the issued and outstanding Class A shares and Class B shares of The J. H. Ashdown Hardware Company, Limited as required by Part IX of The Securities Act, 1966 (Ontario) and the regulations thereunder, Part X of The Securities Act, 1967 (Saskatchewan) and the regulations thereunder, Part 9 of The Securities Act (Alberta) and the regulations thereunder and Part IX of the Securities Act, 1967 (British Columbia) and the regulations thereunder.

ACKLANDS LIMITED

Winnipeg, Manitoba,
July 5, 1968.

To The J. H. Ashdown Hardware Company, Limited
and to the holders of its outstanding
Class A shares and Class B shares:

ACKLANDS LIMITED (hereinafter called "Acklands") hereby offers to acquire all the outstanding Class A shares of the par value of $10 each (hereinafter called the "Class A Shares") and all the outstanding Class B shares of the par value of $10 each (hereinafter called the "Class B Shares") of The J. H. Ashdown Hardware Company, Limited (a company incorporated under the laws of Canada by letters patent dated January 6th, 1902, and hereinafter called "Ashdown's") by exchanging therefor one 6% Cumulative Redeemable Convertible Second Preference Share Series A with a par value of $16 (hereinafter called the "Second Preference Shares Series A") of Acklands for each such Class A share and each such Class B share of Ashdown's.

The Second Preference Shares Series A to be issued with respect to the purchase of Class A shares and Class B shares deposited prior to the Expiry Date will be issued on and dated the Closing Date and the dividends thereon shall accrue and be cumulative from July 1, 1968. The Second Preference Shares Series A will be convertible at any time after June 1, 1970 into Common Shares of Acklands upon the basis of one Second Preference Share Series A and One Dollar for one Common Share of Acklands.

THIS OFFER IS SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

1. This Offer may be accepted by delivering to Montreal Trust Company (hereinafter called the "Trust Company") at its principal office at Winnipeg, Manitoba, on or before the Expiry Date, the certificate or certificates representing the Class A shares or Class B shares in respect of which this Offer is accepted, accompanied by a Letter of Transmittal substantially in the form enclosed, duly completed and signed with the signature guaranteed in accordance with the instructions thereon.

2. This Offer will terminate at 5:00 p.m. Central Daylight Saving Time on July 31, 1968 which date is herein referred to as the "Expiry Date".

3. THIS OFFER SHALL NOT BECOME BINDING ON ACKLANDS UNLESS

(*a*) certificates representing at least 328,788 Class B shares (equivalent to 90% of the outstanding Class B shares) are deposited on or before July 31, 1968 in the manner hereinbefore provided;

(*b*) the business of Ashdown's shall have been carried on in the ordinary course between January 1, 1968, and the date when Acklands first takes up any Class A shares or Class B shares hereunder, which date or August 30, 1968, whichever shall first occur, is herein called the "Closing Date";

(*c*) no dividends or other distributions shall have been declared or paid on any shares of Ashdown's after January 1, 1968 and up to and including the Closing Date, other than the regular half-yearly dividend of 30c per share paid on the Class A shares for the period ended June 30, 1968;

(*d*) no material adverse change, financial or otherwise, shall have occurred since January 1, 1968 and up to and including the Closing Date with respect to the business of Ashdown's, other than such operating losses as may have occurred since such date;

(*e*) no material contracts or long term commitments shall have been entered into by Ashdown's since January 1, 1968 and up to and including the Closing Date other than contracts or commitments made by Ashdown's in the ordinary course of business;

(*f*) the authorized capital of Ashdown's on the Closing Date shall consist of 320,000 Class A shares of the par value of $10 each and 480,000 Class B shares of the par value of $10 each of which 8,198 Class A shares shall be issued and outstanding as fully paid and non-assessable shares and 365,319 Class B shares shall be issued and outstanding as fully paid and non-assessable shares and no shares other than the said 8,198 Class A shares and the said 365,319 Class B shares shall have been issued or agreed to be issued up to and including the Closing Date and on the Closing Date there shall not be outstanding any options or rights to purchase relating to unissued shares of Ashdown's;

(*g*) on the Closing Date, at a meeting of the directors of Ashdown's, such directors of Ashdown's as Acklands may specify shall resign and nominees of Acklands shall be elected in their place;

(*h*) no substantial damage to the assets of Ashdown's shall have occurred since January 1, 1968 and up to the Closing Date which in the opinion of Acklands would substantially adversely affect the operations or earnings of Ashdown's;

(*i*) Ashdown's shall not since January 1, 1968 and will not up to and including the Closing Date have sold or otherwise disposed of any of its assets except in the ordinary course of business and except as shall have been approved in writing by Acklands;

(*j*) no payments shall have been made or authorized after January 1, 1968 and up to and including the Closing Date by Ashdown's to its officers, directors or employees except payments in the ordinary course of business and at the regular rates of salary or other remuneration;

(*k*) at the Closing Date there shall be no actions, suits, claims or proceedings pending or to the knowledge of Ashdown's threatened against or affecting Ashdown's at law or in equity or before or by any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, where any judgment or award which may be recovered thereunder is not adequately covered by insurance or is not fully provided for in the accounts;

(*l*) at the Closing Date Ashdown's is not a party to any written employment or service agreement except union agreements and except agreements which may be terminated on notice of six months or less;

(*m*) on the Closing Date Acklands shall have been furnished with such opinions of its solicitors and with such certificates, affidavits or statutory declarations of officers of Ashdown's as Acklands or Acklands' solicitors may reasonably think necessary establishing that the above mentioned conditions have been complied with.

The foregoing conditions (*a*) to (*m*) inclusive are inserted for the exclusive benefit of Acklands and may be waived in whole or in part by it at any time; provided, however, that if Acklands takes up any Class A shares or Class B shares under this Offer it shall take up all Class A shares and all Class B shares, certificates representing which are deposited within the time (subject as aforesaid) and in the manner hereinbefore provided.

Notwithstanding anything herein contained Acklands shall not be obligated to take up any shares under this Offer unless the holders of Common Shares of Acklands have confirmed a special resolution passed by the directors of Acklands at a meeting held on July 5, 1968 authorizing an increase of the authorized capital of Acklands by the creation of 1,000,000 Second Preference Shares with a par value of $16 each, of which 373,517 shares shall be designated as 6% Cumulative Redeemable Convertible Second Preference Shares Series A, and redesignating the Second Preference Shares with a par value of $5 each of Acklands as Third Preference Shares with a par value of $5 each and the holders of the Second Preference Shares (in the capital as presently constituted) of Acklands have authorized an application by Acklands for supplementary letters patent confirming such special resolution and such supplementary letters patent have been issued by the Provincial Secretary of Manitoba.

4. Application will be made for listing the 6% Cumulative Redeemable Convertible Second Preference Shares Series A of Acklands on the Winnipeg Stock Exchange and The Toronto Stock Exchange.

5. Certificates representing the 6% Cumulative Redeemable Convertible Second Preference Shares Series A of Acklands to be issued in exchange for Class A shares and Class B shares taken up hereunder (which 6% Cumulative Redeemable Convertible Second Preference Shares Series A shall be issued as fully paid and non-assessable shares and the dividends on which shall be cumulative and accrue from July 1, 1968) shall on the Closing Date be delivered to shareholders accepting this Offer or at the option of Acklands shall on the Closing Date be forwarded by registered mail to shareholders accepting this Offer at the respective addresses of such shareholders as the same appear on the Letter of Transmittal (or if no address is given, at their respective addresses as the same appear on the books of Ashdown's kept by Montreal Trust Company). In the case of certificates so mailed, delivery of such certificates shall be deemed to have been made to the depositor concerned as soon as the registered letter containing the same has been mailed. Such certificates may, at the discretion of Acklands, be interim certificates exchangeable without cost for definitive certificates when available.

6. Any Class A shares or Class B shares deposited by a shareholder may be withdrawn by him or on his behalf at any time until the expiration of 7 days from the date hereof.

7. Acklands will pay the Security Transfer tax, if any, and brokerage commissions on shares purchased by it hereunder.

8. The opinion of counsel for Acklands shall be conclusive as to all questions relating to compliance with the terms of paragraph 1 hereof including the propriety of execution of Letters of Transmittal and other documents.

Additional copies of this letter and the enclosed form of Letter of Transmittal may be obtained from the Trust Company.

ACKLANDS LIMITED
by HYMAN BESSIN,
President

THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED

July 5, 1968

To the holders of Class A and Class B shares
resident in Canada:

The enclosed Offer by Acklands Limited has been carefully considered by the directors of The J. H. Ashdown Hardware Company, Limited.

I have been authorized to advise you that the directors of Ashdown's unanimously recommend the acceptance of this Offer. Members of the Ashdown family have agreed to accept the Offer with respect to 192,344 Class B shares (being 52.6% of the issued and outstanding Class B shares) and 1,451 Class A shares, in the aggregate owned by members of the family or subject to their control. In addition, each of the directors of Ashdown's who are not members of the Ashdown family have stated their intention to accept the Offer with respect to any Class A shares or Class B shares beneficially owned by him.

A Directors' Circular is attached hereto.

Yours truly,

P. L. ASHDOWN,
Executive Vice-President

THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED

DIRECTORS' CIRCULAR

Issued in connection with the Offer (hereinafter called the "Offer") of Acklands Limited (hereinafter called the "Offeror") dated July 5, 1968 to holders of the outstanding Class A shares and Class B shares of The J. H. Ashdown Hardware Company, Limited (hereinafter called the "Company").

1. The number of the securities of the Company beneficially owned, directly or indirectly, by each director and each senior officer of the Company and their associates, is as follows:

	Class A Shares	Class B Shares
H. C. Ashdown		70
J. H. Ashdown	695	46,759*
P. L. Ashdown	916	47,040*
Charles Kroft		950
Clarence Lowe		50
Alan Sweatman, Q.C.		100
K. M. Chalmers		5
J. E. Weymark		120
R. G. Scott		35

* The holdings of Mr. P. L. Ashdown include 47,040 Class B shares and 706 Class A shares owned directly by Philson Investments Limited, all of the outstanding shares of which are beneficially owned by Mr. P. L. Ashdown or members of his immediate family. The holdings of Mr. J. H. Ashdown include 46,759 Class B shares and 695 Class A shares owned directly by Athendune Investments Limited, all of the outstanding shares of which are beneficially owned by Mr. J. H. Ashdown or members of his immediate family.

Except as mentioned above with respect to Mr. P. L. Ashdown and Philson Investments Limited and Mr. J. H. Ashdown and Athendune Investments Limited, so far as is known to the directors or senior officers of the Company, no person or company beneficially owns, directly or indirectly, equity shares of the Company carrying more than ten per cent of the voting rights attached to all equity shares of the Company for the time being outstanding.

2. Pursuant to the Agreements dated June 25, 1968 referred to in the Offer, Miss Louise Ashdown, Miss Lillian Ashdown, Mrs. F. H. J. Banning, Athendune Investments Limited and Philson Investments Limited have agreed to accept the Offer with respect to 192,344 Class B shares and 1,451 Class A shares. It is the intention of each of the directors and senior officers of the Company and their associates to accept the Offer.

3. No securities of the Offeror are owned, directly or indirectly, by any director or any senior officer of the Company or their associates or by Philson Investments Limited or Athendune Investments Limited, except that P. L. Ashdown owns 1400 Common Shares and J. E. Weymark owns 400 Common Shares of the Offeror.

4. Except for the Agreements referred to in Paragraph 2 above, there are no arrangements or agreements made or proposed to be made between the Offeror and any of the directors or senior officers of the Company and no payments or other benefits proposed to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office if the Offer is successful.

5. No director or senior officer of the Company or their associates nor Philson Investments Limited nor Athendune Investments Limited has any interest in any material contract to which the Offeror is a party, except the Agreements referred to in Paragraph 2 above.

6. Since December 31, 1967 the operations of the Company have been carried on at a loss, but there has been no material change in the financial position or the prospects of the Company since that date.

7. The contents of this Directors' Circular have been approved and its delivery authorized by a resolution passed by the directors of the Company on July 5, 1968.

Winnipeg, July 5, 1968.

BRANCHES THROUGHOUT WESTERN CANADA

EST. 1889

ACKLANDS LIMITED

HEAD OFFICE: WINNIPEG, CANADA

Distributors of
SUPPLIES & EQUIPMENT FOR THE
AUTOMOTIVE, INDUSTRIAL, ELECTRICAL
AND WELDING TRADES · STEELS & ALLOYS
FAIRBANKS-MORSE SCALES

PLEASE REPLY TO:

IMPORTANT

July 5, 1968

TO THE HOLDERS OF COMMON SHARES OF
THE J. H. ASHDOWN HARDWARE COMPANY,
LIMITED ("ASHDOWN'S")

OFFER FOR YOUR SHARES BY ACKLANDS LIMITED ("ACKLANDS")

Following discussions with your directors and with their support we are pleased to furnish you with the following documents:

1. An Offer by Acklands to purchase all the issued and outstanding Class A shares and Class B shares of Ashdown's to which is attached a circular providing detailed information with respect to Acklands and the proposed transaction;

   THIS OFFER WILL EXPIRE ON JULY 31, 1968

2. A Letter of Transmittal to accompany your share certificate(s);

3. A Circular from the Directors of Ashdown's recommending acceptance of the Offer.

Upon this Offer becoming binding upon Acklands, accepting shareholders will receive in exchange for each Class A share and Class B share of Ashdown's one Sixteen Dollar ($16) par value six per cent (6%) Cumulative Redeemable Convertible Second Preference Share Series A of Acklands.

The following principal characteristics of the Ackland Convertible Second Preference Shares Series A offered in exchange for Ashdown's shares as set out above should be noted:

(i) They will rank immediately behind the First Preference Shares and ahead of the Third Preference Shares and Common Shares of Acklands with respect to dividends and to assets;

(ii) They will carry a cumulative preferential dividend of Ninety-Six Cents ($.96) per share as compared with the cumulative dividend of Sixty Cents ($.60) paid on the Ashdown's Class A shares in the fiscal year ended December 31, 1967 and nothing paid on the Ashdown's Class B shares for the same period;

(iii) They will be non-callable until June 1, 1970 and will be entitled to any dividends accrued and unpaid to the date fixed for redemption;

(iv) They will be convertible at any time after June 1, 1970 and before 3 days prior to the date fixed for redemption, into Common Shares of Acklands on a share for share basis plus payment to Acklands of One Dollar ($1) per share.

The Company has a proven record of turning loss companies into profitable operations and intends to do the same for Ashdown's. The Company's program of continued expansion coupled with its emphasis on profitable sales to satisfied customers will, in our opinion, contribute significantly to earnings and provide the holders of Second Preference Shares Series A with an opportunity to participate in our future development and growth.

Acklands' present earnings and its anticipated growth in earnings will amply provide for the six percent (6%) cumulative annual dividend rate on the Second Preference Shares Series A.

Application will be made for listing the Second Preference Shares Series A on the Winnipeg and Toronto Stock Exchanges.

We look forward to welcoming you as a shareholder of our Company.

Yours truly,

ACKLANDS LIMITED

H. Bessin
President

IF YOU ACCEPT THIS OFFER, YOU SHOULD COMPLETE THE LETTER OF TRANSMITTAL AND FORWARD IT WITH YOUR SHARE CERTIFICATE(S) IN ACCORDANCE WITH THE INSTRUCTIONS THEREIN.

THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED

CLASS B SHARES

LETTER OF TRANSMITTAL

To accompany certificates for Class B shares of THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED pursuant to the Offer of ACKLANDS LIMITED. Please read carefully the instructions on page 3 before completing this letter of transmittal.

Date: , 1968.

Montreal Trust Company
213 Notre Dame Avenue
Winnipeg 2, Manitoba

Dear Sirs:

The undersigned owner of and with full authority to sell and transfer the Class B shares thereby represented, hereby delivers to you the following share certificate(s) for Class B shares of THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED (herein called "Ashdown's"):

Certificate Number	Name in Which Registered	Number of Shares

(If space insufficient please attach list)

The undersigned hereby irrevocably delivers, subject to the right of withdrawal mentioned in the Offer, such Class B shares of Ashdown's and assigns all right, title and interest therein to Acklands Limited (herein called "Acklands") to be exchanged on the basis of one fully paid and non-assessable 6% Cumulative Redeemable Convertible Second Preference Share Series A with a par value of $16 of Acklands.

Said certificate(s) are delivered to you pursuant to the Offer made by Acklands to the holders of Class B shares of Ashdown's under date of July 5, 1968, which Offer is hereby accepted by the undersigned. You are hereby appointed the agent of the undersigned for the purpose of effecting the exchange.

Please issue the Second Preference Share certificate(s) and mail same by first class insured mail to the address for that purpose designated below or, if so indicated, deliver such Second Preference Share certificate(s) against counter receipt. If the conditions referred to in the Offer are not fulfilled and are not waived by Acklands, this letter of transmittal and certificate(s) representing the shares delivered hereby are to be returned in the same manner as is provided for in the preceding sentence.

Issue in name of (Please print)

Name..

Address..
(Street Address or P.O. Box)

....
(City—Province)

Signature Guaranteed

....
(See item 2 of instructions)

Deliver (Indicate alternative desired)

☐ To same address as for issuance

☐ To..

....
(Street Address or P.O. Box)

....
(City—Province)

☐ Deliver against counter receipt

X

....
(Signature)

(Signature of shareholder as indicated on face of certificate, or authorized representative as agent)

INSTRUCTIONS

1. Use of Letter of Transmittal

Each holder of Class B shares of Ashdown's desiring to accept the Offer should send or deliver this letter of transmittal, completely filled in and signed, together with the share certificate(s) described therein, to Montreal Trust Company (hereinafter referred to as the "Exchange Agent"), at its principal office in Winnipeg. The method of delivery of Class B shares of Ashdown's to the Exchange Agent is at the option and risk of the holder, but if mail is used, first class insured mail is suggested. Share certificate(s) registered in the name of the person by whom (or on whose behalf) the letter of transmittal is signed need not be endorsed or accompanied by any stock power other than the letter of transmittal itself executed in accordance with item 2 below. Share certificates not so registered must be endorsed by the registered holder thereof or accompanied by stock transfer powers duly and properly completed by such registered holder, with signature guaranteed in either case as provided in item 2 below and must be in proper form for transfer.

2. Signature of Letter of Transmittal

(*a*) The letter of transmittal must be filled in and signed by the shareholder accepting the Offer or by his duly authorized representative. Such signature must be guaranteed by a Canadian bank or trust company or by a firm having membership in a recognized Canadian stock exchange or in some other manner satisfactory to the Exchange Agent.

(*b*) Where the letter of transmittal is executed on behalf of a corporation, partnership or association or by an agent, executor, administrator, trustee, tutor, curator, guardian or any person acting in a representative capacity, the letter of transmittal must be accompanied by satisfactory evidence of authority to act.

(*c*) Where the letter of transmittal is executed by a married woman, she must, if her husband's authorization is necessary, be authorized by her husband by means of his writing under the guarantee of her endorsement the words "to authorize my wife" and adding his signature, which must be guaranteed as described above.

(*d*) If additional copies of the letter of transmittal are desired for any purpose, they may be obtained from the Exchange Agent.

THIS SPACE RESERVED FOR EXCHANGE AGENT

Ashdown's Class B Shares Received	Acklands Preference Shares Issued
....Shares	....Shares

Checked

File

By..

Date..

Investment Dealer or Broker, if any, through whom delivery of shares effected.

....
Name

....
Address

THE J. H. ASHDOWN HARDWARE COMPANY, LIMITED

CLASS A SHARES

LETTER OF TRANSMITTAL

To accompany certificates for Class A shares of The J. H. Ashdown Hardware Company, Limited pursuant to the Offer of Acklands Limited. Please read carefully the instructions on page 3 before completing this letter of transmittal.

Date: , 1968.

Montreal Trust Company
213 Notre Dame Avenue
Winnipeg 2, Manitoba

Dear Sirs:

The undersigned owner of and with full authority to sell and transfer the Class A shares thereby represented, hereby delivers to you the following share certificate(s) for Class A shares of The J. H. Ashdown Hardware Company, Limited (herein called "Ashdown's"):

Certificate Number	Name in Which Registered	Number of Shares

(If space insufficient please attach list)

The undersigned hereby irrevocably delivers, subject to the right of withdrawal mentioned in the Offer, such Class A shares of Ashdown's and assigns all right, title and interest therein to Acklands Limited (herein called "Acklands") to be exchanged on the basis of one fully paid and non-assessable 6% Cumulative Redeemable Convertible Second Preference Share Series A with a par value of $16 of Acklands.

Said certificate(s) are delivered to you pursuant to the Offer made by Acklands to the holders of Class A shares of Ashdown's under date of July 5, 1968, which Offer is hereby accepted by the undersigned. You are hereby appointed the agent of the undersigned for the purpose of effecting the exchange.

Please issue the Second Preference Share certificate(s) and mail same by first class insured mail to the address for that purpose designated below or, if so indicated, deliver such Second Preference Share certificate(s) against counter receipt. If the conditions referred to in the Offer are not fulfilled and are not waived by Acklands, this letter of transmittal and certificate(s) representing the shares delivered hereby are to be returned in the same manner as is provided for in the preceding sentence.

Issue in name of (Please print)

Name..

Address..
(Street Address or P.O. Box)

....
(City—Province)

Signature Guaranteed

....
(See item 2 of instructions)

Deliver (Indicate alternative desired)

☐ To same address as for issuance

☐ To..

....
(Street Address or P.O. Box)

....
(City—Province)

☐ Deliver against counter receipt

X

....
(Signature)

(Signature of shareholder as indicated on face of certificate, or authorized representative as agent)

INSTRUCTIONS

1. Use of Letter of Transmittal

Each holder of Class A shares of Ashdown's desiring to accept the Offer should send or deliver this letter of transmittal, completely filled in and signed, together with the share certificate(s) described therein, to Montreal Trust Company (hereinafter referred to as the "Exchange Agent"), at its principal office in Winnipeg. The method of delivery of Class A shares of Ashdown's to the Exchange Agent is at the option and risk of the holder, but if mail is used, first class insured mail is suggested. Share certificate(s) registered in the name of the person by whom (or on whose behalf) the letter of transmittal is signed need not be endorsed or accompanied by any stock power other than the letter of transmittal itself executed in accordance with item 2 below. Share certificates not so registered must be endorsed by the registered holder thereof or accompanied by stock transfer powers duly and properly completed by such registered holder, with signature guaranteed in either case as provided in item 2 below and must be in proper form for transfer.

2. Signature of Letter of Transmittal

(*a*) The letter of transmittal must be filled in and signed by the shareholder accepting the Offer or by his duly authorized representative. Such signature must be guaranteed by a Canadian bank or trust company or by a firm having membership in a recognized Canadian stock exchange or in some other manner satisfactory to the Exchange Agent.

(*b*) Where the letter of transmittal is executed on behalf of a corporation, partnership or association or by an agent, executor, administrator, trustee, tutor, curator, guardian or any person acting in a representative capacity, the letter of transmittal must be accompanied by satisfactory evidence of authority to act.

(*c*) Where the letter of transmittal is executed by a married woman, she must, if her husband's authorization is necessary, be authorized by her husband by means of his writing under the guarantee of her endorsement the words "to authorize my wife" and adding his signature, which must be guaranteed as described above.

(*d*) If additional copies of the letter of transmittal are desired for any purpose, they may be obtained from the Exchange Agent.

THIS SPACE RESERVED FOR EXCHANGE AGENT

Ashdown's Class A Shares Received	Acklands Preference Shares Issued
..............................Shares	..............................Shares
Checked	File
	By..............................
	Date..............................

Investment Dealer or Broker, if any, through whom delivery of shares effected.

....
Name

....
Address

SUMMARY OF CERTAIN OF THE ATTRIBUTES AND CHARACTERISTICS TO BE ATTACHED TO THE SECOND PREFERENCE SHARES AS A CLASS AND TO THE 6% CUMULATIVE REDEEMABLE CONVERTIBLE SECOND PREFERENCE SHARES OF ACKLANDS LIMITED

The 1,000,000 Second Preference Shares of the par value of $16 each (hereinafter called the "Second Preference Shares") will rank junior to the 37,271 6% Cumulative Redeemable First Preference Shares of the par value of $25 each of Acklands and in priority to the Third Preference Shares of the par value of $5 each (now designated Second Preference Shares of the par value of $5) and the Common Shares of Acklands. The Second Preference Shares may be issued in series and 373,517 of the said shares have been designated 6% Cumulative Redeemable Convertible Second Preference Shares Series A (hereinafter called the "Second Preference Shares Series A") and authorized for immediate issue. Subject to certain conditions, the remaining Second Preference Shares may have such attributes and characteristics as shall be provided by resolution of the board of directors of Acklands and confirmed by supplementary letters patent and may be issued in one or more further series in the discretion of the directors of Acklands.

Dividends

The Second Preference Shares Series A will carry the right to a 6% fixed cumulative preferential cash dividend payable in half-yearly instalments on the first days of June and December in each year. Dividends will accrue and be cumulative from July 1, 1968 upon all of the said Second Preference Shares Series A issued on or before August 31, 1968 and thereafter with respect to any of the Second Preference Shares Series A issued on or after September 1, 1968 from such date or dates not more than six (6) months after the respective dates of the issue of the Second Preference Shares Series A, as may be fixed by the directors.

Conversion

The holders of the Second Preference Shares Series A may convert their shares at any time after June 1, 1970 into Common Shares of Acklands upon the basis of one Common Share of Acklands for each Second Preference Share Series A submitted for conversion together with $1 per share.

Redemption

The Second Preference Shares Series A will not be redeemable prior to June 1, 1970 but will be redeemable at any time after June 1, 1970 in whole on not less than 30 days' notice at the amount paid up thereon together with a premium of $1 per share and all accrued and unpaid preferential dividends thereon, which for such purposes shall be deemed to have accrued to the date of redemption. Acklands may purchase the Second Preference Shares Series A on the open market at any time at the lowest price at which in the opinion of the board of directors such shares are obtainable but not in any event exceeding the redemption price of such shares at the time of purchase.

Purchase Fund

So long as any of the Second Preference Shares Series A are outstanding, Acklands will apply to the purchase for cancellation of Second Preference Shares Series A $100,000 in each twelve-month period commencing with the period ending on the 31st day of May, 1971; provided that no such application shall be required to be made in any twelve-month period except to the extent that Second Preference Shares Series A are available for purchase at a price not exceeding the redemption price of such shares and provided that such obligations to purchase shall not be cumulative.

Voting Rights

The holders of the Second Preference Shares as a class will not as such be entitled to vote but will be entitled to one vote per share in the event that Acklands is in arrears in the payment of dividends on any series of Second Preference Shares for a period of two years in the aggregate, whether or not consecutive.

Listing

Application will be made for listing the Second Preference Shares Series A on the Winnipeg Stock Exchange and the Toronto Stock Exchange.

Registrar and Transfer Agent

Crown Trust Company, Montreal, Toronto and Winnipeg.

THE FOREGOING SHOULD BE READ IN CONJUNCTION WITH THE SCHEDULE ATTACHED HERETO COMMENCING ON PAGE 32.

TAKE-OVER BID CIRCULAR

Accompanying the Offer dated July 5, 1968 (hereinafter called the "Offer") by Acklands Limited (hereinafter sometimes called "Acklands") to acquire Class A shares and Class B shares of The J. H. Ashdown Hardware Company, Limited (hereinafter called "Ashdown's").

The contents of the Offer and of this circular have been approved and the delivery thereof authorized by the directors of Acklands.

SHAREHOLDERS OF ASHDOWN'S

No securities of Ashdown's are beneficially owned, directly or indirectly, by Acklands, any associate of Acklands, any director or senior officer of Acklands or their associates or, so far as is known to the directors or senior officers of Acklands by any person or company who beneficially owns, directly or indirectly, equity shares of Acklands carrying more than 10% of the voting rights attached to all equity shares of Acklands now outstanding, except that Nathan Starr, a director of Acklands owns 5 Class B shares of Ashdown's, acquired in 1963. So far as is known to the directors and senior officers of Acklands, no equity shares of Ashdown's were traded by persons or companies referred to above in this paragraph during the six-month period preceding the date of this Offer except that Nathan Schecter and his associates acquired 225 Class B shares of Ashdown's in the aggregate in March and June, 1968 at an average price of $13⅜ per share and sold such shares in May and June, 1968 at an average price of $15½ per share.

Pursuant to agreements dated June 25, 1968, Miss Lillian Ashdown, Miss Louise Ashdown, Mrs. F. H. J. Banning, Athendune Investments Limited and Philson Investments Limited have agreed to accept the Offer with respect to 192,344 Class B shares (52.6% of the issued and outstanding Class B shares of Ashdown's) in the aggregate owned by such persons or companies.

MARKET PRICE RANGE AND VOLUME OF TRADING OF CLASS A SHARES AND CLASS B SHARES OF ASHDOWN'S

The following is a summary showing the market price range in dollars per share and the volume of trading of the Class A shares and Class B shares on the Montreal, Toronto and Winnipeg Stock Exchanges in the six-month period preceding the date of the Offer:

	Class A shares			Class B shares		
Month (1968)	High	Low	Volume	High	Low	Volume
January	$—	$—	Nil	$ 8¾	$ 7½	410
February	8	8	50	8¼	7⅛	920
March	—	—	nil	12¾	8¼	9,685
April	12	12	100	14½	10¾	11,082
May	16	10½	2,416	19	12⅝	33,235
June	15	14	300	17½	13½	28,898

ARRANGEMENTS OR AGREEMENTS

Except for the agreements referred to above with respect to the acceptance by certain shareholders of Ashdown's of the Offer with respect to an aggregate of 192,344 Class B shares of Ashdown's, there are no arrangements or agreements made or proposed to be made between Acklands and any of the directors or senior officers of Ashdown's and no payments or other benefits proposed to be made or given by way of compensation for loss of office or as to their remaining in or retiring from office after the transactions contemplated under the Offer are completed.

THE COMPANY

The full corporate name of the Offeror is Acklands Limited (hereinafter called the "Company"). The Company, whose head office is located at 125 Higgins Avenue, Winnipeg, Manitoba, was incorporated under the Manitoba Companies Act on November 27, 1905 under the name of D. Ackland & Son Limited. Supplementary Letters Patent altering its authorized or issued capital have been granted dated May 14, 1912, October 19, 1945, July 19, 1961, March 6, 1962 and July 5, 1967. The Company acquired its present name by Supplementary Letters Patent dated February 3, 1960. In describing the history, business and distributing facilities of the Company, the word "Company" is used to include all subsidiaries from time to time. A list of the subsidiaries at July 5, 1968 appears on Page 18. It is the intention of the Company to substantially reduce the number of its subsidiaries by amalgamation, merger or otherwise when the separate existence of the respective subsidiary companies no longer has purpose.

History

Acklands, founded by Dudley Ackland in Winnipeg in 1889, was originally a small hardware, farm implement, wagon repair and blacksmith business. The Company's first branch was opened in Calgary in 1914 followed by another in Edmonton in 1916. Between 1916 and 1959, branches were added in Dauphin and Brandon, Manitoba, in Saskatoon, Saskatchewan as well as an additional branch in Winnipeg. During the same period, the Company expanded its business into hardwood lumber, steel and welding supplies, appliances and automotive and industrial parts and supplies. The Ackland family retained ownership of the Company until 1949 when all of the shares of the Company were acquired by a new group which included Mr. Joseph Wolinsky, a member of the present Board of Directors. In 1959, the interests of this group were purchased to a large extent by new investors headed by Mr. Hyman Bessin and Mr. Leonard Wolinsky.

In 1960, the Company acquired T. H. Peacock Limited and T. H. Peacock (Southern) Limited, wholesale automotive parts distributors, with 6 locations in Alberta and British Columbia and early in 1961, the Company acquired another such distributor, United Industrial-Automotive Co. (Lakehead) Limited, Fort William, Ontario. Subsequently, the Company acquired Steel Distributors Limited, which operated a steel service centre and Trade-Way Limited, which operated a wholesale hardware and packaging business, both in Toronto, and also acquired a steel service centre in Edmonton. Between 1959 and 1966, in addition to the above acquisitions the Company opened 18 new branches between the Lakehead in Ontario and the East Kootenays in British Columbia and a new steel service centre in Winnipeg. During this period, the Company's sales increased from less than $7 million in 1959 to $19.8 million in 1966.

At the end of 1966, the Company made two major acquisitions. Firstly, it acquired control of a group of companies headed by Prairie Pacific Distributors Limited ("PPD") from Cambooker Holdings Limited, which in turn is controlled by Booker, McConnell Limited of London, England. The PPD group of companies had been assembled by acquiring various family-owned businesses in Western Canada which, in 1966, conducted their activities, as a group, from British Columbia to the Lakehead. Certain of the companies operated throughout the entire area while others confined their activities to one or two provinces. Amongst the principal operating divisions of such group were Taylor, Pearson and Carson, Motor Car Supply, Western Automotive Rebuilders, Bowman Brothers, Canadian Electronics, Gillis & Warren and Western Warehouse Distributors. Total sales of the PPD group for its 1966 year amounted to $47.1 million.

The purchase price of the PPD shares of $6,306,486 was satisfied as to $2,000,000 by payment in cash, $3,500,000 by the issue of 700,000 non-dividend voting Preference Shares of the Company (hereinafter called "Third Preference Shares") and as to the remainder of $806,486 by the issue of 6% Debentures. The Company also issued 6% Debentures with respect to a shareholder's loan of $1,500,000 assumed by the Company, thereby bringing the aggregate amount of 6% Debentures issued to $2,306,846. All of the said 6% Debentures have been retired by the Company. The Third Preference Shares are convertible into Common Shares on a share for share basis in accordance with a formula related to the annual earnings of the Company as more fully described under the heading "Third Preference Shares" on page 13 hereof.

Secondly, at the end of 1966, the Company acquired Johnston Appliances Ltd., Lee-Bern Electronics Limited, J. J. Dawson Limited and K & M Hardware Company Limited. These companies were acquired by the purchase of shares from Messrs. Hyman Bessin, Leonard Wolinsky, Nathan Starr and Joseph Wolinsky, directors and major shareholders of the Company. Johnston Appliances Ltd. headed a group of companies including, principally, McLennan, McFeely and Prior Limited, Fred C. Meyers Ltd., Mc & Mc Trading Company Limited, Western Agencies Limited and Major Appliances Ltd., all of which carried on business exclusively in British Columbia. J. J. Dawson Limited, through its subsidiary H. C. Burton Company Limited, carried on business in Hamilton and in a number of other Ontario communities and in Montreal. Lee-Bern Electronics Limited had 5 outlets located from the Lakehead to British Columbia and K & M Hardware Company Limited carried on business as a wholesale hardware distributor in Toronto. Combined sales of these companies in 1966 amounted to $24.9 million. The purchase price of the shares of these companies was satisfied exclusively by the issue of 1,157,240 of the said Third Preference Shares of the Company.

For its 1966 fiscal year, the PPD group of companies reported in their annual statements a loss of $4.4 million including special charges of $1.1 million. For the same period, Johnston Appliances Ltd., Lee-Bern Electronics Limited, J. J. Dawson Limited and K & M Hardware Company Limited earned a combined profit of $519,823 as reported in their annual statements. The combined statement of earnings of the aforementioned companies for 1966 as set out on page 28 has been prepared on a basis comparable for all companies and adjustments particularly in respect of income taxes have been made. For the year ended November 30, 1966, consolidated earnings before income taxes of Acklands Limited were $885,515 and net earnings were $460,515. For the year ended November 30, 1967, the Company had net earnings of $2,086,743. Because of prior years' losses of certain subsidiaries, no income taxes were payable, and in addition net earnings for the year include income taxes recoverable of $17,882. Had losses of prior years in companies acquired in 1967 not been available to offset 1967 taxable income, net earnings for 1967 would have been $796,743. Sales for that period were almost $85 million, effected through approximately 150 outlets.

Four distributing companies have been acquired by the Company since November 30, 1967, namely, Morgan Welding Supply Company, Limited ("Morgan"), The George Taylor Hardware Limited, Delisle Ltd. and H. C. Paul Limited. Reference is made to paragraphs 13, 14, 15 and 16 on page 17 for particulars of these transactions. Combined sales of the above companies, excluding Morgan, for their respective fiscal years ending in 1967, amounted to $22.8 million. In March, 1968, the Company was approached with a view to the sale of the shares of Morgan; the Company determined that in all the circumstances it would be in its best interest to sell such shares and said sale was closed in June , 1968.

Business

The Company is engaged in the wholesale distribution in Canada of more than 60,000 items of automotive, industrial and mercantile hardware, parts and supplies. Amongst the goods sold by the Company are ferrous and non-ferrous metal, wire and cable, welding equipment, supplies and gases, materials handling equipment, automotive parts and components, builders' hardware, mercantile hardware, industrial tools, machine shop equipment, service station hoists, compressors and paint spraying equipment, electronic communication systems, records and record players, television and radio sets, home appliances, light bulbs, outboard motors, power lawnmowers, chain saws and snowmobiles.

The Company's 1967 sales of $84.8 million were divided amongst major product groups approximately as follows:

automotive	46%
appliances, electronics and wiring	17%
industrial and welding	16%
hardware	13%
steel	8%
	100%

The Company employs more than 500 salesmen operating out of branch and central warehouses and its goods are sold for consumption by industries, such as logging, mining and manufacturing, by the building, transportation and service industries, and by various governmental agencies. The Company also distributes its goods to chain and department stores, service stations, retail hardware stores and jobbers. The Company presently has approximately 65,000 customers. Sales are widely distributed and no one branch of the Company is responsible for more than 10% of consolidated sales.

The Company has more than 50 machine shops serving the automotive after-market, and also rebuilds automotive engines in 2 plants in Western Canada for sale through its own distribution system as well as through dealers and department stores.

Centralized buying is effected through the Toronto executive offices of the Company and direct buying of Far Eastern goods is co-ordinated through a branch office in Osaka, Japan. Concentration of inventory in several central warehouses permits inventory at local branches to be minimized. All branches are interconnected with Telex service and/or WATS lines and thus, except in the more remote areas, overnight delivery is available.

Extensive use of data processing equipment is employed by the Company through data processing centres located in Vancouver and in Winnipeg.

The Company employs more than 2,580 persons of whom approximately 340 are covered by collective bargaining agreements. The Company makes wide use of incentive arrangements and a profit sharing plan. Payments out of the profit sharing plan to individual employees are based upon seniority and position held, and for the year ended November 30, 1967, the amount paid to employees from the plan was in excess of $100,000.

Distributing Facilities

Approximately one-half of its warehouses, branch warehouses and plants are owned by the Company and the remainder are leased. The Company utilizes nine locations with floor areas in excess of 50,000 square feet—one in each of Winnipeg, Saskatoon and Edmonton, two in Calgary and four in Vancouver. The largest location is a 106,900 square foot warehouse in Vancouver. Of these principal properties only the warehouse in Saskatoon is leased.

As a result of the Company's program of consolidation, merger and elimination of unprofitable branches and lines of merchandise, considerable dispositions of properties have been made by way of sale of real property owned by the Company or by assignment or sublease of rented premises. The Company's plans call for the continued disposition of certain properties, both owned and leased, in areas where they are not required, and a modest number of additions, acquisitions or improvements in those areas in which the Company intends to expand.

Apart from certain properties specifically designated as available for disposition, all the real estate owned by the Company is mortgaged or charged, specifically or by way of floating charge, to secure those bank loans, Mortgages payable and First Mortgage Bonds, all as more particularly described in the Capitalization Table set out below.

CAPITALIZATION

The following table shows the capitalization of the Company and its subsidiaries.

	Amount originally authorized or to be authorized	Amount outstanding as of November 30, 1967	Amount outstanding as of June 18, 1968
BANK LOANS: (1)	—	$14,768,785	$10,478,000
LONG TERM DEBT:			
6½% First Mortgage Bonds, due October 1, 1981 (2)	$ 5,060,000	5,060,000	4,875,000
Mortgages payable	—	1,768,947	1,910,321
7½% Unsecured Convertible Debentures Series A	10,000,000(3)	Nil	10,000,000
Non-interest bearing Convertible Debentures	450,000	270,000	Nil
6% Debenture	2,306,486	1,761,063(4)	Nil(4)
Non-interest bearing promissory notes, maturing January 3, 1973	644,000	—(5)	500,000
SUBSIDIARY COMPANIES:			
7% Secured Sinking Fund Debentures, maturing May 1, 1973 of Delisle Ltd. (5)	600,000	—(6)	369,000
5.75% Serial Debentures maturing January 1, 1970 of J. J. Dawson Limited	400,000	180,000	100,000
10% Debenture maturing January 31, 1969 of H. C. Paul Limited	172,000	—(7)	146,960
SHARE CAPITAL:			
6% Cumulative Redeemable First Preference Shares par value $25 per share	40,000 shs	39,266 shs ($981,650)	37,271 shs ($931,775)
Third Preference Shares (presently designated Second Preference Shares) par value $5 per share (8)	1,857,240 shs	1,857,240 shs ($9,286,200)	1,237,240 shs(9) ($6,186,200)
Common Shares without par value	2,000,000 shs	523,479 shs ($1,364,300)	1,230,979 shs(9) ($4,999,300)
Minority Interest in McLennan, McFeely & Prior Limited Preferred Shares par value $100 per share	—	2,727 shs ($272,700)	2,712 shs ($271,200)
Minority Interest in Prairie Pacific Distributors Western Limited Preferred Shares par value $100 per share	—	4,300 shs ($430,000)	4,300 shs ($430,000)
Minority Interest in Delisle Ltd.			
Preferred Shares par value $1 per share (10)	—	—(7)	6,917 shs ($6,917)
Common Shares par value $1 per share (11)	—	—	—

Notes to the Capitalization Table

(1) Secured Notes have been created by the Company in an initial amount of $15,750,000 and pledged to 3 Canadian chartered banks as security for certain lines of credit extended by such banks to the Company. Secured Notes may not be issued, other than to the said 3 Canadian chartered banks nor the authorized amount thereof increased except with the agreement of the said chartered banks. The Trust Deed under which such Secured Notes are issued constitutes an assignment of the trade accounts receivable of the Company, a specific pledge of the shares of a subsidiary, a first floating charge upon the inventories of the Company, and a second floating charge upon all the other assets and the undertaking of the Company. Pursuant to separate agreement, each subsidiary has guaranteed payment of the principal and interest on the said Secured Notes; each such guarantee is secured by a floating charge upon all the assets, business and undertaking of each such subsidiary.

(2) Reference is hereby made to the paragraph headed "Additional Financing" below for a statement with respect to the Company's intention to retire these 6½% First Mortgage Bonds out of an issue of $7,200,000 principal amount 7¾% First Mortgage Bonds of the Company. The Deed of Trust and Mortgage under which the 6½% First Mortgage Bonds are issued constitutes a first fixed charge (subject to the Mortgages payable) upon real estate of the Company, a first pledge of the shares of certain subsidiaries, a second pledge of the shares of another subsidiary, a second floating charge upon the inventories of the Company and a first floating charge upon all the other assets and the undertaking of the Company.

(3) Issued June 17, 1968; the Company may issue additional Debentures without limitation subject to the restrictions set out in the Trust Indenture under which such Debentures were issued.

(4) Retired June 17, 1968.

(5) $500,000 issued March 26, 1968 as part of the consideration for the acquisition by the Company of all the shares of The George Taylor Hardware Limited, and $144,000 issued February 1, 1968, as part of the consideration for the acquisition by the Company for all the shares of H. C. Paul Limited.

(6) Secured by specific mortgage on real property of Delisle Ltd. and a floating charge upon the other assets and the undertaking of that company.

(7) Delisle Ltd. and H. C. Paul Limited became subsidiaries of the Company after November 30, 1967.

(8) Third Preference Shares are convertible on a share for share basis into Common Shares of the Company in accordance with a formula related to the annual earnings of the Company. Reference is made to page 13 under the heading "Third Preference Shares" for particulars of such formula.

(9) Since November 30, 1967, Common Shares of the Company have been issued as follows: (a) conversion of 620,000 Third Preference Shares into 620,000 Common Shares; (b) the issue of 20,000 Common Shares to satisfy in part the purchase price of a subsidiary; and (c) the conversion of $270,000 principal amount non-interest bearing convertible debentures into 67,500 Common Shares.

(10) The preferred shares of Delisle Ltd. are presently non-redeemable and convertible into common shares of that company at the option of the holders thereof at any time, on a share for share basis. Pursuant to an offer made by the Company, the holders of all but 100 of such preferred shares have agreed to sell their preferred shares to the Company at a price of $3.03 per share, payable in cash.

(11) There are warrants outstanding to acquire common shares of Delisle Ltd. as follows: 8,000 common shares at $10 per share to May 1, 1973; and 11,990 common shares at $12.50 per share to May 1, 1970 and at $15 per share thereafter and up to the close of business on May 1, 1973. There are now outstanding 84,280 common shares of Delisle Ltd.

(12) Reference is made to Note 10 on page 27 with respect to the extent of obligations arising by virtue of leases on real property.

ADDITIONAL FINANCING

The Company presently proposes to create and issue $7,200,000 First Mortgage Bonds on or about August 31, 1968 and to apply the proceeds in part to retire the balance of the 6½% First Mortgage Bonds then outstanding. The said $7,200,000 First Mortgage Bonds will bear interest at the rate of 7¾% per annum and shall be repaid by semi-annual instalments of $200,000 each plus interest, the first of such instalments plus interest to be paid 6 months after issue with the maturity date to occur in the year 1986. The said 7¾% First Mortgage Bonds will be secured by a first fixed charge upon all the real estate of the Company, subject only to Purchase Money Obligations and present Mortgages payable (as referred to on the Capitalization Table above) with the exception of certain specifically designated parcels of property surplus to the requirements of the Company and intended to be disposed of. Such 7¾% First Mortgage Bonds will be secured by a specific pledge of all the issued and outstanding shares of certain of the subsidiaries of the Company and by a first floating charge (with certain exceptions) upon all other assets and the undertaking of the Company, subject, however, to the assignment of all the trade accounts receivable of the Company made, and the first floating charge upon all of the inventory of the Company created, under the Deed of Trust and Mortgage pursuant to which the Secured Notes referred to in the Capitalization Table above were created and are secured.

The 7¾% First Mortgage Bonds will be accompanied by detachable share purchase warrants entitling the holders thereof to purchase in the aggregate 45,000 Common Shares of the Company at a price per share from time to time equivalent to the cost per share to a holder of a 7½% Unsecured Convertible Debenture Series A then exercising his right of conversion.

MANAGEMENT OF THE COMPANY

The names, home addresses, positions held with the Company and principal occupations within the previous 5 years of the directors and officers of the Company are set forth below:

*HYMAN BESSIN 438 Daly Avenue, Ottawa, Ontario.	Director and President
*LEONARD WOLINSKY 4 Deer Park Crescent, Toronto, Ontario.	Director, Chairman of the Board of Directors and Vice-President
*NATHAN STARR 150 Betty Ann Drive, Willowdale, Ontario.	Director, Executive Vice-President and Secretary-Treasurer
*GEORGE FORZLEY 1116 Crestline Road, West Vancouver, B.C.	Director, Senior Vice-President and General Manager
*DONALD JAFFRAY WILKINS 64 Garfield Avenue, Toronto, Ontario.	Director
JOHN JOSEPH DAWSON 245 Bay Street South, Hamilton, Ontario.	Director, Vice-President and General Manager of Ontario region
HENRY ROBERT BYRON KIRKPATRICK 1205-5454 Balsam Street, Vancouver, B.C.	Director, Vice-President and General Manager of British Columbia region
DONALD EDWARD BOXER 19 Riverview Drive, Toronto, Ontario.	Director
MICHAEL HARRIS CAINE 1 Heath Close, London N.W., England.	Director
GUY LEFAIVRE HUDON 318 Geneva Crescent, Town of Mount Royal, Quebec.	Director
FREDERICK HALLIDAY PEACOCK 934 Riverdale Avenue, Calgary, Alberta.	Director
NATHAN SCHECTER, M.D. 434 Daly Avenue, Ottawa, Ontario.	Director
JOSEPH WOLINSKY 267 Seven Oaks Avenue, Winnipeg, Manitoba.	Director
MAX WOLINSKY, Q.C. 294 Kingsway Avenue, Winnipeg, Manitoba.	Director
SAMUEL HARVEY BLANK 23 Old Park Drive, Toronto, Ontario.	Vice-President and Purchasing Director
MELVILLE BYRON 602-11610 100th Avenue, Edmonton, Alberta.	Vice-President and General Manager of Canadian Electronics Ltd.
DONALD VERN DAWSON 1 Barbary Road, St. Boniface, Manitoba	Vice-President and General Manager of Manitoba and Northwest Ontario region
ARTHUR ERAMIAN 1402-200 Balliol Street, Toronto, Ontario.	Vice-President and General Manager of Quebec region

*member of Executive Committee.

Leonard James Kenna 374 Beachview Drive, North Vancouver, B.C.	Vice-President of Administration and Control British Columbia and Alberta regions
Arnold Main 738 East Drive, Saskatoon, Saskatchewan.	Vice-President and General Manager of Saskatchewan region
Harry Charles Paul 501 Laidlaw Boulevard, Tuxedo, Manitoba.	Vice-President and General Manager of H. C. Paul Limited
Norman Alexander Peden 1340 - 117th Avenue, Edmonton, Alberta.	Vice-President and General Manager of Alberta region
Arnold Selwyn Glass 99 Lincrest Rd., Winnipeg, Manitoba.	Assistant-Secretary
Leonard Gilbert Walker 30 Larabee Crescent, Don Mills, Ontario.	Assistant Secretary-Treasurer

Messrs. Hyman Bessin, Leonard Wolinsky, Nathan Starr, George Forzley, Leonard Gilbert Walker, Henry Robert Byron Kirkpatrick, Arnold Main, Donald Vern Dawson, Arnold Selwyn Glass, John Joseph Dawson, Norman Alexander Peden, Leonard James Kenna, Samuel Harvey Blank and Harry Charles Paul have been directors, officers and/or employees of the Company and/or one or more of its subsidiaries for the past 5 years.

Mr. Frederick Halliday Peacock has been a Director of the Company for the past 5 years and is actively engaged in various business enterprises in Alberta.

Mr. Max Wolinsky, Q.C., has been a Director of the Company for the past 5 years and is a senior partner in the law firm of Sokolov, Wolinsky & Company, Barristers and Solicitors, Winnipeg, Manitoba.

Mr. Donald Jaffray Wilkins has been a Director of the Company for the past 5 years, has been Chairman of the Board of Fry & Company Limited for 1 year, prior to which, for at least 4 years, he was President of Fry & Company Limited.

Mr. Donald Edward Boxer has been a Director of the Company since 1966, is a Director of Burns Bros. and Denton Limited and has been a member of such firm for the previous 5 years.

Mr. Michael Harris Caine has been a Director of the Company since 1967 and is Chairman of the Shopkeepers Division of Booker, McConnell Limited, an associate company of Cambooker Holdings Limited, and has been a member of the Booker Group for the previous 5 years.

Mr. Joseph Wolinsky has been a Director of the Company since 1949 except for a brief period between February and June of 1967.

Dr. Nathan Schecter is a practising physician and has been a Director of the Company since 1962 except for a brief period between February and June of 1967.

M. Guy Lefaivre Hudon has been a Director of the Company since July, 1968. For the past 3 years he has been Chairman of the Board of Morgan, Ostiguy & Hudon Inc., and for the 2 years previous to that, he was President of that Company.

Mr. Melville Byron joined Lee-Bern Electronics Limited in January, 1966. For several years prior to 1963, he was a Director of the New Products Engineering division of B. & K. Manufacturing Co., Chicago. For a short time in 1963 he was sales manager of Gould Sales of Montreal and from the time he left that position until January 1, 1966 he was general manager of Avnet Electronics of Canada Ltd., Toronto.

Mr. Arthur Eramian joined the Company in December, 1966. For one year prior to that date he was a management consultant and prior to that time for at least the previous 3 years he was a vice-president and managing director of Finacentres Ltd.

The aggregate direct remuneration paid by the Company to the directors and senior officers of the Company, namely, the persons above referred to, during the financial year of the Company ended November 30, 1967, was $574,700. The aggregate direct remuneration paid or payable to such directors and senior officers from December 1, 1967 to June 30, 1968 was $275,660. The aggregate cost to the Company and its subsidiaries in the last completed financial year of all pension or retirement benefits proposed to be paid to the directors and senior officers of the Company under existing plans in the event of retirement at normal retirement age was $15,901.

DESCRIPTION OF SHARES OF THE COMPANY

First Preference Shares

The authorized capital of the Company includes 37,271 6% Cumulative Redeemable First Preference Shares with a par value of $25 each (the "first preference shares"), all of which are presently issued and outstanding. 2,729 of such shares heretofore issued have been subsequently purchased for cancellation. The first preference shares have attached thereto provisions to the following effect:

1. The holders of the first preference shares are entitled to receive and are limited to fixed cumulative preferential cash dividends at the rate of 6% per annum payable by quarterly instalments on the last days of February, May, August and November in each year.

2. The holders of the first preference shares are not entitled to receive notice of or to attend any meeting of the shareholders and shall not be entitled to any vote unless the Company shall fail to pay six quarterly dividends on the first preference shares; thereafter until the default is remedied first preference shareholders shall have the right to one vote for each first preference share held and to elect annually three members of the Board of Directors of the Company.

3. In the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company, the holders of the first preference shares shall be entitled to receive the amount paid up on such shares together with all unpaid cumulative dividends before any distribution to the holders of the common shares or any other shares ranking junior to the first preference shares of any property or assets of the Company.

4. The Company may redeem all or any part of the outstanding first preference shares at any time or times upon payment of the amount paid up thereon together with unpaid cumulative dividends and a premium of $1.25 per share.

5. The Company may at any time or times purchase for cancellation the whole or any part of the first preference shares in the open market or by tender at the lowest price at which in the opinion of the Directors of the Company such shares are obtainable but not exceeding the redemption price plus the costs of purchase.

6. So long as any of the first preference shares are outstanding, the Company is required to maintain a fund of up to $50,000 to be used for the purchase for cancellation of first preference shares; such purchase fund is to be maintained by the Company setting aside on May 1 in each year, an amount of up to 10% of consolidated net earnings of the Company and its subsidiaries for the immediately preceding fiscal year minus the aggregate of income taxes and preference share dividends for such year.

7. The authorization for an application for the issue of supplementary letters patent to delete or vary any preference, right, etc., attached to the first preference shares or to create preference shares ranking in priority to or on a parity with the first preference shares may be given by at least two-thirds of the votes cast at a meeting of the holders of the first preference shares.

Second Preference Shares

Upon the issue of Supplementary Letters Patent as referred to in the Offer the authorized capital of the Company will include 1,000,000 Second Preference Shares with a value of $16 each, 373,517 of which shares will be designated as 6% Cumulative Redeemable Convertible Second Preference Shares Series A. The conditions to be attached to the Second Preference Shares are set out in the Schedule hereto.

Third Preference Shares

The authorized capital of the Company includes 1,237,240 convertible, non-participating, voting Second Preference Shares with a par value of $5 each (which upon the issue of the above-mentioned supplementary letters patent will be re-designated as and are herein referred to as "the Third Preference Shares") all of which are presently issued and outstanding. 620,000 Third Preference Shares heretofore issued have been subsequently converted on a share for share basis into Common Shares of the Company. The Third Preference Shares have attached thereto provisions to the following effect:

1. Subject to the priority of the first preference shares and Second Preference Shares, in the event of the liquidation, dissolution or winding up of the Company or any other distribution of assets of the Company, the holders of the Third Preference Shares shall be entitled to receive the amount paid up on such shares before any distribution to the holders of the common shares of any property or assets of the Company.

2. The holders of the Thir d Preference Shares are not entitled to receive any dividends.

3. The holders of the Third Preference Shares are entitled to one vote for each Third Preference Share held at all meetings of the shareholders of the Company.

4. With respect to each fiscal year of the Company ended or ending in the calendar years 1967 to 1975, in which Surplus Consolidated Net Earnings of the Company and its subsidiaries (*i.e.*, the Consolidated Net Earnings of the Company and its subsidiaries less the aggregate of (i) the sum of $1,000,000 and (ii) the sum equal to $1.65 multiplied by the number of Common Shares of the Company which have been issued during the period from January 1, 1967 to the last day of the fiscal year in question) exceed $16,500, then with respect to each full $16,500 of such Surplus Consolidated Net Earnings in such fiscal year, 10,000 of the Third Preference Shares shall be converted into Common Shares of the Company. In any event, immediately following the 1976 fiscal year of the Company, all of the then outstanding Third Preference Shares shall be converted into Common Shares of the Company.

5. The authorization for an application for the issue of supplementary letters patent to delete or vary any preference, right, etc., attached to the Third Preference Shares or to create preference shares ranking in priority to or on a parity with the Third Preference Shares may be given by at least two-thirds of the votes cast at a meeting of the holders of the Third Preference Shares.

Common Shares

The Common Shares without par value of the Company participate equally on liquidation and distribution of capital assets and enjoy equal rights to dividends and full voting rights of one vote per Common Share at all annual and general meetings of shareholders of the Company.

DIVIDENDS

The Company has paid during the last five years dividends on its Common Shares and on its First Preference Shares as follows:

Year ended November 30	Amount per Common Share	Amount per First Preference Share
1963	$0.10	$1.50
1964	.10	1.50
1965	.10	1.50
1966	.12	1.50
1967	.16	1.50

PRINCIPAL HOLDERS OF SECURITIES

As at June 15, 1968, the number of shares of each class of equity shares of the Company owned of record or beneficially, directly or indirectly, by each person or corporation who owns more than 10% of any such class of shares was as set forth in the following table:

Name and Address	Designation of Class	Type of Ownership	Number of shares owned	Percentage of Class
Cambooker Holdings Limited 25 King Street West, Toronto, Ontario.	Common Shares	of record and beneficially	123,009	9.9%
	Third Preference Shares†	of record	445,042	36.0%
Mindy's Limited, 1300 Michael St., Ottawa, Ontario.	Common Shares	of record and beneficially	138,765	11.2%
	Third Preference Shares†	of record and beneficially	222,046	17.9%
Leonard Wolinsky 4 Deer Park Crescent, Toronto, Ontario.	Common Shares	of record and beneficially	140,000	11.3%
	Third Preference Shares†	of record and beneficially	259,479	20.9%

The directors and senior officers of the Company, as a group, beneficially own, directly or indirectly, the following shares of the Company:

Designation of Class	Percentage of Class
Common Shares	52.3%
Third Preference Shares†	52.1%

†presently designated Second Preference Shares with a par value of $5 each.

Stock Options

The $7\frac{1}{2}\%$ Unsecured Convertible Debentures Series A are convertible at the holder's option up to June 14, 1978, into Common Shares of the Company at the rate of 70 shares for each $1000 principal amount of Debentures. The $7\frac{1}{2}\%$ Unsecured Convertible Debentures Series A are outstanding in the aggregate principal amount of $10,000,000.

Reference is also made to note 11 to the Capitalization Table appearing on page 10 for particulars as to the conversion rights of the holders of the preference shares of Delisle Ltd. and to the warrants outstanding to acquire common shares of that company. Reference is also hereby made to the last paragraph under the heading "Additional Financing" on page 10 for particulars of the warrants to be issued in conjunction with the creation and issue by the Company of $7\frac{3}{4}\%$ First Mortgage Bonds of the Company.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Messrs. Thorne, Gunn, Helliwell & Christenson, Chartered Accountants, 220 Portage Avenue, Winnipeg, Manitoba.

The transfer agent and registrar for the Common and First Preference Shares of the Company is The Canada Trust Company at its principal offices in Montreal, Toronto and Winnipeg. The transfer agent and registrar for the Second Preference Shares will be Crown Trust Company at its principal offices in Montreal, Toronto and Winnipeg. The Third Preference Shares of the Company are transferable only at the head office of the Company in Winnipeg.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

(i) By an agreement dated the 16th day of November, 1966, the Company purchased with effect from the 31st day of December, 1966 from Hyman Bessin, Nathan Starr, Leonard Wolinsky and Joseph Wolinsky, directors and principal shareholders of the Company, whose addresses are set out above, all the issued and outstanding shares of Johnston Appliances Ltd., Lee-Bern Electronics Limited, J. J. Dawson Limited and K & M Hardware Company Limited for $5,786,200 satisfied by the issue of 1,157,240 Second Preference Shares with a par value of $5 each in the capital (as then constituted) of the Company. Such agreement was made by the Company subject to the approval of the shareholders of the Company which approval was obtained prior to closing.

(ii) By an agreement dated the 29th day of December, 1966 between H. C. Burton Company Limited and Eastern Holdings Limited whose address is 337 - 12 Richmond St. East, Toronto, H. C. Burton Company Limited agreed to sell and Eastern Holdings Limited agreed to buy certain property located at the City of Chatham, Ontario, for the sum of $810,388 payable cash to mortgage. Leonard Wolinsky, a director and principal shareholder of the Company, whose address is set out above, owns or is entitled to vote all the outstanding equity shares of Eastern Holdings Limited.

(iii) By an agreement made the 5th day of June, 1967 between the Company and Cambooker Holdings Limited, whose address is set out above, and whose interest in the equity shares of the Company is referred to on page 14, Cambooker Holdings Limited agreed, inter alia, to guarantee $1,000,000 bank borrowings of the Company and in consideration therefor the Company granted to Cambooker Holdings Limited an option to acquire a maximum of 300,000 Common Shares of the Company at $8.342 per share, such actual number to be determined by dividing the price per share into the total amount of the debenture debt, if any, still owing by the Company to Cambooker Holdings Limited, on the 31st day of December,1969. This debenture debt has been retired by the Company and the said option thereby eliminated.

(iv) By an agreement dated the 30th day of November, 1967 between the Company and the holders of $270,000 non-interest bearing debentures due as to $90,000 on the 1st days of January in each of the years 1968, 1969 and 1970 and payable only by conversion into Common Shares of the Company at a price of $4 per share, such holders agreed to discharge the security of such debentures, namely, a floating charge upon all the assets and undertaking of the Company and certain of its subsidiaries and the Company agreed to accelerate to the 1st day of April, 1968 the instalments otherwise due on the 1st days of January, 1969 and 1970. Mindy's Limited, whose address is set out above, has received 16,709 Common Shares and Joseph Wolinsky, a director and principal shareholder of the Company whose address is set out above, has received 23,791 Common Shares as a result of such accelerated conversions.

(v) By an agreement dated as of the 1st day of February, 1968, between H. C. Paul Limited and Poundmaker Ltd., whose address is 945 King Edward Street, St. James, Manitoba, Poundmaker Ltd. agreed to manage the business and affairs of H. C. Paul Limited with effect from January 1, 1968 for a five year term expiring the 31st day of December, 1972, for an annual management fee of $31,500 plus a bonus of all pre-tax profits in excess of $150,000 per annum up to a maximum aggregate bonus of $200,000. Harry Charles Paul, a senior officer of the Company, whose address is set out above, owns substantially all of the outstanding equity shares of Poundmaker Ltd.

(vi) The Company has leased from Queen-Yonge Investments Limited ("Queen-Yonge") whose address is 337 - 12 Richmond St. East, Toronto, premises comprising an aggregate of 2,500 sq. ft. with an aggregate annual rental of $11,314 for its executive and administrative offices in Toronto. Leonard Wolinsky, a director and principal shareholder of the Company, whose address is set out above, holds a 30% interest in all of the outstanding shares of Queen-Yonge; Max Wolinsky, a director of the Company, whose address is set out above, holds a 10% interest in all the outstanding shares of Queen-Yonge; Nathan Starr, a director of the Company, whose address is set out above, holds a 2.5% interest in all the outstanding shares of Queen-Yonge.

(vii) By an agreement dated May 21, 1968, the Company agreed to sell and Fry & Company Limited, Burns Bros. and Denton Limited and Richardson Securities of Canada jointly and severally agreed to purchase the $10,000,000 principal amount of 7½% Unsecured Convertible Debentures Series A of the Company at an aggregate price of $9,500,000 plus accrued interest payable in cash against delivery. Donald Jaffray Wilkins, a director of the Company, whose address is set out above, is a director and shareholder of Fry & Company Limited, Toronto-Dominion Centre, Toronto, and Donald Edward Boxer, a director of the Company, whose address is set out above, is a director and shareholder of Burns Bros. and Denton Limited, Toronto-Dominion Centre, Toronto.

Material Contracts—(exclusive of real estate transactions).

Except for contracts entered into in the ordinary course of business and real estate transactions, the only material contracts entered into by the Company and its subsidiaries within the two years prior to the date hereof are the following:

1. The agreement dated the 16th day of November, 1966 between the Company and Hyman Bessin, Leonard Wolinsky, Nathan Starr and Joseph Wolinsky, referred to on page 7.
2. An agreement between the Company and Cambooker Holdings Limited dated the 30th day of November, 1966, particulars of which are referred to on page 7.
3. On the 23rd day of December, 1966, various subsidiaries of Prairie Pacific Distributors Limited and of Johnston Appliances Ltd. agreed to sell, with recourse, to the Trustees of the Pension Fund for the benefit of the Employees of Prairie Pacific Distributors Limited certain mortgages, agreements for sale and marketable securities in the aggregate amount of $1,197,861.
4. By an agreement dated the 28th day of December, 1966 between the Company and the Bank of Montreal, the Company borrowed the $2,000,000 cash payment required for the transaction referred to in paragraph 2 above. (This loan has now been fully retired.)
5. By an agreement dated the 17th day of March, 1967 between McLennan, McFeely & Prior Limited ("Mc & Mc") and Kamru Holdings Ltd. ("Kamru"), Mc & Mc agreed to sell and Kamru agreed to buy all the assets, undertaking and business known as "Gordon's Hardware", Prince Rupert, B.C. for $36,500, payable $20,500 cash and the balance on terms.
6. By an agreement dated the 1st day of April, 1967 between Bowman Brothers Distributors Limited ("Bowman") and Fort Ignition Limited ("Fort"), Bowman agreed to sell and Fort agreed to buy all the assets, undertaking and business of that division of Bowman known as "Lone Star Auto Electric Service" for $362,790, payable $100,000 cash and the balance, secured by a floating charge debenture.
7. On the 12th day of September, 1967, Bowman Brothers Distributors Limited agreed to sell, with recourse, to the Trustees of the Pension Fund for the benefit of the Employees of Prairie Pacific Distributors Limited the secured debenture referred to in paragraph 6 above for $250,000.
8. The agreement dated the 5th day of June, 1967, between the Company and Cambooker Holdings Limited referred to in paragraph (iii) on page 15.
9. By an agreement made the 2nd day of June, 1967 between the Executors of the estates of Lawrence Arthur Cavenaugh, deceased and Martha Ellen Cavenaugh, deceased, as Vendors, and the Company as Purchaser, the Vendors agreed to sell and the Company agreed to buy 2,726 5% preferred shares of Prairie Pacific Distributors Western Limited (par value $100 per share) at the price of $65 per share, (totalling $177,190) by monthly instalments, maturing the 30th day of November, 1968.
10. By an agreement dated as of the 1st day of September, 1967 between the Company and The Prudential Insurance Company of America ("Prudential") the Company agreed to sell and Prudential agreed to buy $5,060,000 6½% First Mortgage Bonds issued under and secured by a Deed of Trust and Mortgage dated as of August 15, 1967 between the Company and National Trust Company, Limited as Trustee. Pursuant to separate agreements, each subsidiary guaranteed payment of the principal, premium (if any), and interest on the said Bonds; each such guarantee is secured by a floating charge upon all the assets, business and undertaking of each such subsidiary.
11. By an agreement made as of the 15th day of September, 1967, between the Company and three Canadian Chartered Banks the Company agreed to pledge to such banks notes of an initial amount of $15,750,000 issued under and secured by a Deed of Trust and Mortgage dated as of the 15th day of

September, 1967, entered into between the Company and The Canada Trust Company, as Trustee. Such notes are pledged as security for certain lines of credit extended by such banks to the Company. Pursuant to separate agreements, each subsidiary has guaranteed payment of the principal and interest on the said notes; each such guarantee is secured by a floating charge upon all the assets, business and undertaking of each such subsidiary.

12. The agreement dated the 30th day of November, 1967 between the Company and the holders of $270,000 non-interest bearing convertible debentures referred to in paragraph (iv) on page 15.

13. (*a*) By an agreement dated the 22nd day of November, 1967, the Company agreed to buy and James Morgan agreed to sell all the issued and outstanding shares of Morgan Welding Supply Company, Limited for cash.

    (*b*) By an agreement dated the 24th day of April, 1968, the Company agreed to sell and Union Carbide Canada Limited agreed to buy all the issued and outstanding shares of Morgan Welding Supply Company, Limited for cash in excess of the cost to the Company of such shares.

14. (*a*) By agreements dated the 23rd day of December, 1966, The George Taylor Hardware Limited ("Taylor Hardware") agreed to buy all the issued and outstanding shares of N. Morissette Diamond Drilling Limited ("Morissette") for the sum of $760,000 payable $380,000 in cash and the balance on terms.

    (*b*) By an agreement dated the 19th day of December, 1967, the Company agreed to buy and Richard A. H. Taylor agreed to sell all the issued and outstanding shares of Taylor Hardware at and for the sum of $2,915,000, payable $2,415,000 cash and $500,000 without interest in five (5) equal consecutive annual instalments of $100,000 each commencing January 3, 1969, and the said Richard A. H. Taylor, agreed to purchase from Taylor Hardware, effective December 31, 1967, all the said shares of Morissette for $380,000 cash and by assuming the balance owing to the former vendors of the said shares of Morissette. The said former vendors have also released Taylor Hardware from any further obligations under the agreement referred to in subparagraph (*a*) referred to above.

15. By an agreement dated as of the 12th day of January, 1968 as amended by a further agreement dated the 29th day of March, 1968 between the Company and L. Rolland Delisle, Jean Delisle, Paul Desisle, Robert Delisle and Les Placements Paul Delisle Ltee ("Vendors") the Company agreed to buy and the Vendors agreed to sell all the issued and outstanding shares of Delisle Ltd. owned by the Vendors namely, 84,270 out of 84,280 common shares and 23,083 of the 30,000 preference shares, for $170,000 cash.

16. By an agreement dated as of the 1st day of February, 1968 between the Company and Poundmaker Ltd., the Company agreed to purchase and Poundmaker Ltd. agreed to sell all the issued and outstanding shares of H. C. Paul Limited at and for the aggregate price of $421,793 payable as to $265,000 by the Company issuing as fully paid and non-assessable 20,000 of its Common Shares and the balance together with certain shareholder loans and indebtedness to the trustees of the Executive Pension Plan for the employees of H. C. Paul Limited to be paid or retired over the succeeding 12 months. Reference is also made to the management agreement with Poundmaker Ltd. referred to in paragraph (v) on page 16.

17. The underwriting agreement dated the 21st day of May, 1968 between the Company and Fry & Company Limited, Burns Bros. and Denton Limited and Richardson Securities of Canada referred to on page 16.

18. The Trust Indenture made between the Company and Crown Trust Company and dated as of June 15, 1968 providing for the creation and issue of debentures of the Company, including the $10,000,000 principal amount of 7½% Unsecured Convertible Debentures Series A of the Company.

19. The agreements referred to on page 6 with respect to the acceptance by certain shareholders of Ashdown's of the Offer with respect to an aggregate of 192,344 Class B Shares of Ashdown's.

Material Contracts—(Real estate transactions)

Within the 2 years prior to the date hereof, the Company has entered into a total of 28 real estate purchases (including construction contracts) or sales and numerous leases; the following are the material real estate transactions entered into the Company within the preceding two years:

1. By an agreement dated the 22nd day of December, 1966, Westward Realties Limited sold to Abmor Enterprises Ltd. all the lands and buildings known as 99 Cordova Street, Vancouver, for an aggregate sale price of $515,000 cash.
2. The agreement dated the 29th day of December, 1966, between H. C. Burton Company Limited and Eastern Holdings Limited referred to in paragraph (ii) on page 15.
3. By an agreement dated the 11th day of February, 1967, between Western Warehouse Distributors Ltd. and United Auto Parts, Inc., Western Warehouse Distributors Ltd. agreed to sell a warehouse property in Burnaby, B.C. for the sum of $410,000 cash.

4. By a lease dated as of the 1st day of August, 1967, between Bridgewater Realty Ltd., as lessor, and Acklands Leasehold Properties Limited, as lessee, the latter agreed to rent the premises located at 299 Carlingview Drive, Rexdale, Ontario, for a term of 10 years at an annual rental of $33,711.

5. By an agreement dated the 8th day of November, 1967, Acklands Leasehold Properties Limited did purchase from Doyle Construction Co. Ltd. the property known as 315 West 8th Avenue, Vancouver, for $200,000 cash, of which cash payment $150,000 was financed by way of a mortgage bearing interest at 8½% per annum amortized and payable over a 15-year term given by Acklands Leasehold Properties Limited on the said property to Sun Life Assurance Company of Canada.

6. By an agreement dated the 15th day of September, 1967 between the Company and Poole Construction Ltd., the latter agreed to construct an addition to the premises known as 4340-4th Avenue, Calgary, for a total cost of $141,496.

7. By an agreement dated the 28th day of September, 1967 between the Company and Tivoron-Comforzi Construction Ltd., the latter agreed to construct a new warehouse on Burlington Street in Hamilton, for a total cost of $135,500.

8. By an agreement dated the 18th day of March, 1968, Acklands Leasehold Properties Limited agreed to sell to Kina Investments Limited all the lands and buildings known as 818 Yates Avenue, Victoria, for an aggregate sale price of $115,000 cash.

Copies of the foregoing contracts, except for the contracts referred to in paragraph 13 on page 17, may be examined at the offices of the Company's counsel, 301-228 Notre Dame Avenue, Winnipeg, Manitoba until the Expiry Date, as defined in the Offer, and for a period of 30 days thereafter.

Subsidiaries of Acklands Limited

Acklands Leasehold Properties Limited

Acklands Industrial Limited

Aizanman & Associates Limited

Auto Square Stores Limited

Bowman Brothers Distributors Limited

H. C. Burton Company Limited

Canadian Electronics Ltd.

C.E.L. Electronics Ltd.

Continental Engine Sales & Services Ltd.

Dal Warehousing Ltd.

J. J. Dawson Limited

Delisle Ltd.

Devon Acceptance Co. Ltd.

Gillis & Warren Limited

Johnston Appliances Ltd.

K & M Hardware Company Limited

Lee-Bern Electronics Limited

MacKenzie, White & Dunsmuir Ltd.

Mc & Mc Trading Company Limited

McLennan, McFeely & Prior Limited

Major Appliances Ltd.

Marshall-Ecclestone Limited

Mercury Plastics Company Limited

Mines Assay Supplies Limited

Motor Car Supply Company of Canada (1967) Ltd.

Fred C. Myers Ltd.

H. C. Paul Limited

T. H. Peacock Distributors Ltd.

Power Town Limited

Prairie Pacific Distributors Limited

Prairie Pacific Distributors Western Limited

Provincial Acceptance Corporation Limited

Radio Supply (1965) Company Limited

Rupert Industrial Supplies Limited

Steel Distributors Limited

Sundown Shipping Company Limited

Sunset Electrical Limited

Sunset Furniture Limited

The George Taylor Hardware Limited

Taylor Hardware Quebec Limited

Taylor Hardware Sales (Temiskaming) Limited

Taylor, Pearson and Carson Limited

Taylor, Pearson and Carson (B.C.) Limited

Taylor, Pearson and Carson (Canada) Limited

Trade-Way Limited

United Industrial-Automotive Co. (Lakehead) Limited

Vancouver Parts Company Limited

Vernon Powder Company Limited

Vanisle Equipment Limited

Western Agencies Limited

Western Auto Supply Company Limited

Western Warehouse Distributors Ltd.

Western Warehouse Distributors (Ontario) Ltd.

Westward Data Centre Ltd.

Westward Investments Ltd.

Westward Realties Limited

Auditors' Report

To the Directors of
Acklands Limited

We have examined the consolidated balance sheet of Acklands Limited and subsidiary companies as at November 30, 1967 and the consolidated statements of earnings and retained earnings for the five years then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. This review disclosed that in the course of centralizing the accounting routines for certain subsidiaries in 1967 there had been a breakdown in the record keeping, and in the related accounting and financial controls, for a material segment of the affairs of those companies for part of the year. We have extended our examination as we considered necessary to enable us to form an opinion on the accounts of the companies taken as a whole.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at November 30, 1967 and the results of their operations for the five years then ended, in accordance with generally accepted accounting principles applied on a consistent basis throughout that period.

We further report that, in our opinion, the accompanying pro forma consolidated balance sheet presents fairly the financial position of the companies as at November 30, 1967 after giving effect as at that date to the transactions set out in note 2 to the consolidated financial statements.

Winnipeg, Canada
March 29, 1968

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants

Consent of Auditors

To Acklands Limited

We hereby consent to the use of our reports dated March 29, 1968 on

(*a*) the consolidated balance sheet and pro forma consolidated balance sheet of Acklands Limited and subsidiary companies as at November 30, 1967 and the consolidated statements of earnings for the five years then ended,

(*b*) the combined statement of earnings of companies acquired as at December 31, 1966 for the fiscal periods set out in the heading to the statement, and

(*c*) the combined statement of earnings of companies acquired subsequent to November 30, 1967 for the fiscal periods set out in the heading to the statement

appearing in the take-over bid circular accompanying the offer by Acklands Limited to the holders of Class A shares and Class B shares of The J. H. Ashdown Hardware Company, Limited.

Winnipeg, Canada
July 4, 1968.

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants

ACKLANDS LIMITED
and subsidiary companies

Consolidated Balance Sheets and Pro Forma Consolidated Balance Sheets

Assets

	May 31, 1968		November 30, 1967	
	Consolidated Balance Sheet (Unaudited)	Pro Forma Consolidated Balance Sheet (Unaudited)	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT ASSETS				
Cash	$ 485,552	$ 485,552	$ 819,332	$ 1,210,823
Marketable securities at cost which approximates market value	—	—	—	1,640
Accounts receivable	16,522,715	16,522,715	15,596,071	19,497,422
Inventories, at lower of cost and net realizable value	32,262,403	32,262,403	27,983,367	32,531,498
Prepaid expenses	723,544	723,544	377,609	467,271
	49,994,214	49,994,214	44,776,379	53,708,654
OTHER ASSETS				
Non-current accounts receivable	136,807	136,807	131,774	142,115
Special refundable tax	114,708	114,708	81,459	95,836
Cash for first preference share purchase	50,000	50,000	50,000	50,000
Deposit on purchase of subsidiary	—	—	100,100	—
Mortgages and other investments, at cost	103,339	103,339	113,611	183,698
	404,854	404,854	476,944	471,649
FIXED ASSETS, at cost				
Land	1,863,812	1,863,812	1,725,773	1,839,612
Buildings	9,191,863	9,191,863	7,499,971	9,240,740
Equipment	7,714,491	7,714,491	6,404,525	7,393,506
Leasehold improvements	568,965	568,965	465,379	471,762
	19,339,131	19,339,131	16,095,648	18,945,620
Less accumulated depreciation	8,048,717	8,048,717	5,938,108	7,759,485
	11,290,414	11,290,414	10,157,540	11,186,135
INTANGIBLES AND DEFERRED CHARGES				
Excess of cost of shares in subsidiaries over book value at acquisition	—	—	59,254	—
Unamortized debenture, bond and share issue costs	—	—	178,492	—
Goodwill, at cost	—	—	5,002	—
	—	—	242,748	—
	$61,689,482	$61,689,482	$55,653,611	$65,366,438

Approved on behalf of the Board

L. WOLINSKY
Director

N. STARR
Director

ACKLANDS LIMITED
and subsidiary companies

Consolidated Balance Sheets and Pro Forma Consolidated Balance Sheets

Liabilities

	May 31, 1968		November 30, 1967	
	Consolidated Balance Sheet (Unaudited)	Pro Forma Consolidated Balance Sheet (Unaudited)	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
CURRENT LIABILITIES				
Bank advances, secured (note 3)	$18,577,190	$10,878,253	$14,768,785	$12,384,161
Accounts payable and accrued liabilities	14,369,359	14,369,359	14,784,277	16,886,972
Income and other taxes payable	350,787	350,787	685,229	833,533
Payable to shareholders	231,446	231,446	231,414	245,255
Principal instalments due within one year on long term debt	796,633	796,633	609,966	940,018
	34,325,415	26,626,478	31,079,671	31,289,939
LONG TERM DEBT (note 4)	8,945,266	17,184,203	8,430,044	17,305,353
MINORITY INTEREST in preferred shares of subsidiary companies (note 5)	437,017	437,017	430,100	437,017

Shareholders' Equity

CAPITAL STOCK (note 6)				
First preference shares	931,775	931,775	981,650	981,650
Second preference shares	6,186,200	6,186,200	9,286,200	6,186,200
Common shares	4,999,300	4,999,300	1,364,300	4,999,300
	12,117,275	12,117,275	11,632,150	12,167,150
EXCESS of subsidiaries' net assets at date of acquisition over cost of investment	808,827	808,827	—	808,827
CONTRIBUTED SURPLUS, arising on purchase of first preference shares	5,154	5,154	1,433	1,433
RETAINED EARNINGS	5,050,528	4,510,528	4,080,213	3,356,719
	17,981,784	17,441,784	15,713,796	16,334,129
	$61,689,482	$61,689,482	$55,653,611	$65,366,438

CONTINGENT LIABILITIES AND COMMITMENTS (note 7)

ACKLANDS LIMITED

and consolidated subsidiary companies (Note 8)

Consolidated Statement of Earnings

	Six months ended May 31 (Unaudited)		Years ended November 30				
	1968	1967	1967	1966	1965	1964	1963
Sales	$50,253,525	$36,019,190	$84,834,234	$19,838,899	$16,899,600	$12,578,025	$12,272,181
Costs and operating expenses other than depreciation and interest on long term debt	48,647,662	34,943,331	81,487,886	18,576,604	16,030,679	11,930,292	11,776,755
Depreciation	347,825	311,439	686,758	222,874	129,921	85,530	64,677
Interest on long term debt	248,233	249,130	538,647	153,906	128,663	109,718	104,783
	49,243,720	35,503,900	82,713,291	18,953,384	16,289,263	12,125,540	11,946,215
Earnings before the undernoted	1,009,805	515,290	2,120,943	885,515	610,337	452,485	325,966
Income taxes (note 9)	508,000	300,000	1,272,118	425,000	240,200	201,500	125,500
Income tax reduction resulting from the application of losses carried forward by companies acquired in the 1967 and 1968 fiscal years (note 9)	416,000	300,000	(1,290,000)	—	—	—	—
Income taxes (recoverable)	92,000	—	(17,882)	425,000	240,200	201,500	125,500
Earnings before minority interest and profit (loss) on sale of fixed assets and investments	917,805	515,290	2,138,825	460,515	370,137	250,985	200,466
Profit (loss) on sale of fixed assets and investments	353,870	—	(30,161)	—	—	—	—
	1,271,675	515,290	2,108,664	460,515	370,137	250,985	200,466
Minority interest (dividends on preferred shares of subsidiary companies)	17,386	5,375	21,921	—	—	—	—
Net earnings	$ 1,254,289	$ 509,915	$ 2,086,743	$ 460,515	$ 370,137	$ 250,985	$ 200,466

ACKLANDS LIMITED

and consolidated subsidiary companies (Note 8)

Consolidated Statement of Retained Earnings

	Six months ended May 31 (Unaudited)		Years ended November 30				
	1968	1967	1967	1966	1965	1964	1963
Balance at beginning of period	$ 4,080,213	$ 2,135,749	$ 2,135,749	$ 1,792,983	$ 1,528,694	$ 1,383,557	$ 1,283,321
Net earnings	1,254,289	509,915	2,086,743	460,515	370,137	250,985	200,466
	5,334,502	2,645,664	4,222,492	2,253,498	1,898,831	1,634,542	1,483,787
Deduct:							
First preference share dividends	28,602	29,681	59,082	59,731	60,000	60,000	60,000
Common share dividends	71,878	40,835	83,197	58,018	45,848	45,848	40,230
Unamortized debenture, bond and share issue costs written off	178,492	—	—	—	—	—	—
Goodwill written off	5,002	—	—	—	—	—	—
	283,974	70,516	142,279	117,749	105,848	105,848	100,230
Balance at end of period	$ 5,050,528	$ 2,575,148	$ 4,080,213	$ 2,135,749	$ 1,792,983	$ 1,528,694	$ 1,383,557

ACKLANDS LIMITED
and subsidiary companies

Notes to Financial Statements

Notes to Consolidated Balance Sheets and Pro Forma Consolidated Balance Sheets

1. Basis of Consolidation

The consolidated balance sheets and pro forma consolidated balance sheet at May 31, 1968 include the accounts of all subsidiaries. All subsidiaries are wholly-owned, except for minority interests in preferred shares of two companies at November 30, 1967 and three companies at May 31, 1968.

The pro forma consolidated balance sheet at November 30, 1967 includes the accounts of all subsidiaries except Morgan Welding Supply Company, Limited; all subsidiaries are wholly-owned except for minority interests in preferred shares of three companies. The cost of the shares of Morgan Welding Supply Company, Limited, a company acquired subsequent to November 30, 1967 and sold prior to May 31, 1968, has been included in accounts receivable.

2. Pro Forma Transactions

(A) The pro forma consolidated balance sheet at November 30, 1967 gives effect to:

(*a*) the acquisition of all of the shares of The George Taylor Hardware Limited, H. C. Paul Limited, Delisle Ltd. and Morgan Welding Supply Company, Limited except 6,917 preferred shares of Delisle Ltd. for $3,522,923 satisfied by:

(i) the issue of 20,000 common shares at $13.25 per share	$ 265,000
(ii) the issue of non-interest bearing notes maturing 1969 to 1973	644,000
(iii) the application of a deposit of	100,100
(iv) the payment of cash of	2,513,823
	$3,522,923

(*b*) the issue and sale of $10,000,000 7½% Unsecured Convertible Debentures Series A due June 15, 1988 for cash of $9,500,000; these debentures are convertible into common shares of the company at the rate of 70 shares per $1,000 debenture up to and including June 14, 1978,

(*c*) the payment of expenses estimated at $40,000 in connection with the issue of the debentures referred to in (*b*) and the charging thereof to retained earnings,

(*d*) the payment of cash of $1,761,063 to retire the 6% debentures and to eliminate the option to acquire 300,000 common shares,

(*e*) the retirement of $270,000 non-interest bearing debentures by the issue of 67,500 common shares,

(*f*) the conversion of 620,000 second preference shares into 620,000 common shares in accordance with the conditions attached to the second preference shares, and

(*g*) the charge to retained earnings of intangibles and deferred charges of $183,494 included in the consolidated balance sheet.

(B) The pro forma consolidated balance sheet at May 31, 1968 gives effect to the uncompleted transactions referred to in part (A) as follows:

(*a*) the issue and sale of $10,000,000 7½% Unsecured Convertible Debentures Series A due June 15, 1988 for cash of $9,500,000; these debentures are convertible into common shares of the company at the rate of 70 shares per $1,000 debenture up to and including June 14, 1978.

(*b*) the payment of expenses estimated at $40,000 in connection with the issue of the debentures referred to in (*a*) and the charing thereof to retained earnings, and

(*c*) the payment of cash of $1,761,063 to retire the 6% debentures and to eliminate the option to acquire 300,000 common shares.

Notes to Consolidated Balance Sheets and Pro Forma Consolidated Balance Sheets (continued)

3. Bank Advances

Bank advances are secured by a general assignment of accounts receivable.

Secured notes have been created and issued between December 1, 1967 and May 31, 1968 as security for certain of the existing and future bank lines of credit. Such notes are secured by an assignment of trade accounts receivable, a first floating charge upon inventories, a first specific charge upon the shares of a subsidiary, and a second floating charge upon all other assets and the undertaking of the company.

4. Long Term Debt

	May 31, 1968		November 30, 1967	
	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Acklands Limited				
6½% First mortgage bonds, maturing 1981	$4,875,000	$ 4,875,000	$ 5,060,000	$ 5,060,000
7½% Unsecured convertible debentures, Series A, maturing 1988	—	10,000,000	—	10,000,000
6% Subordinated debentures maturing 1971	1,761,063	—	1,761,063	—
Non-interest bearing subordinated debentures payable only by the issuance of common shares (see note 6)	—	—	270,000	—
Non-interest bearing notes	500,000	500,000	—	644,000
H. C. Paul Limited				
10% Debenture maturing 1969	146,960	146,960	—	172,000
J. J. Dawson Limited				
5.75% Serial debenture maturing 1970	100,000	100,000	180,000	180,000
Delisle Ltd.				
7% Sinking fund debentures maturing 1973	369,000	369,000	—	404,000
6¼% to 8¼% Mortgages and agreements	1,954,876	1,954,876	1,768,947	1,785,371
	9,716,899	17,945,836	9,040,010	18,245,371
Less principal instalments included in current liabilities	761,633	761,633	609,966	940,018
	$8,945,266	$17,184,203	$8,430,044	$17,305,353

On long term debt outstanding and included in the November 30, 1967 balance sheets, principal payments required during the three years ended November 30, 1970 are as follows: 1968—$940,018, 1969—$751,923, 1970—$652,608. Additional mortgage financing obtained in the six months ended May 31, 1968 will increase these requirements to a minor extent.

The company proposes to retire the 6½% first mortgage bonds and to create and issue $7,200,000 7¾% first mortgage bonds maturing in 1986. These bonds will have warrants attached to purchase 45,000 common shares. (see page 10 hereof).

5. Minority Interest

The 6,917 preferred shares of Delisle Ltd. held by others may be converted on a share for share basis into common shares of that company at the holder's option. Pursuant to an offer made by the Company, the holders of 6,817 of such preferred shares have agreed to sell their preferred shares to the Company at a price of $3.03 per share. In addition, warrants are held by others entitling the holders to purchase 19,490 common shares of Delisle Ltd.

6. Capital Stock

	May 31, 1968		November 30, 1967	
	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet	Consolidated Balance Sheet	Pro Forma Consolidated Balance Sheet
Authorized				
6% cumulative first preference shares, par value $25 each, redeemable at $26.25 per share	37,271	37,271	39,266	39,266
Convertible, non-participating, voting second preference shares, par value $5 each	1,237,240	1,237,240	1,857,240	1,237,240
Common shares without par value	2,620,000	2,620,000	2,000,000	2,620,000
Issued				
First preference shares	37,271	37,271	39,266	39,266
Second preference shares	1,237,240	1,237,240	1,857,240	1,237,240
Common shares	1,230,979	1,230,979	523,479	1,230,979
Common shares are reserved as follows:				
(*a*) For issue at $4.00 per share in payment of the non-interest bearing subordinated debentures (see note 4)	—	—	67,500	—
(*b*) For issue at $13.25 per share as part consideration for the purchase of a subsidiary	—	—	20,000	—
(*c*) For issue at $8.342 per share, the maximum number of shares issuable under an option granted to the vendor of the shares of Prairie Pacific Distributors Limited as consideration for a guarantee of bank advances of $1,000,000. The number of shares to be issued is based on the amount of 6% debentures outstanding at December 31, 1969	300,000	—	300,000	—

The shares referred to in parts (*a*) and (*b*) were issued during the six months ended May 31, 1968. The pro forma transactions (note 2) reflect the elimination of the option agreement referred to in part (*c*).

The 7½% Unsecured Convertible Debentures Series A are convertible into common shares of the Company at the rate of 70 shares per $1,000 Debenture of the Company.

The second preference shares are convertible into common shares on a share for share basis in accordance with a formula related to the annual earnings of the company.

In the five years ended November 30, 1967, 1,857,240 second preference shares with a par value of $9,286,200 were issued as part of the consideration for the purchase of the companies acquired and 45,000 common shares were issued to retire non-interest bearing subordinated debentures of $180,000 outstanding. In the six months ended May 31, 1968 67,500 common shares were issued to retire non-interest bearing subordinated debentures of $270,000 outstanding and 20,000 common shares were issued for $265,000 as part of the consideration for the purchase of a company.

7. Contingent Liabilities and Commitments

Contingent liabilities under conditional sales agreements assigned with recourse and other guarantees total approximately $536,000 at November 30, 1967.

There were outstanding capital commitments at November 30, 1967 of $416,000 on real estate under construction, which construction was completed prior to May 31, 1968.

Notes to Consolidated Statements of Earnings and Retained Earnings

8. Companies Included

The consolidated statements of earnings and retained earnings include the accounts of all subsidiaries since acquisition. In the five years and six months ended May 31, 1968 the following acquisitions were made:

December 31, 1964	Steel Distributors Limited
January 31, 1966	Trade-Way Limited
December 31, 1966	Prairie Pacific Distributors Limited and subsidiary companies Johnston Appliances Ltd. and subsidiary companies J. J. Dawson Limited and subsidiary company Lee-Bern Electronics Limited and subsidiary companies K & M Hardware Company Limited
December 1, 1967 to May 31, 1968	Delisle Ltd. and subsidiary company The George Taylor Hardware Limited and subsidiary companies H. C. Paul Limited

The combined statement of earnings of the companies acquired as at December 31, 1966, for periods prior to acquisition, is set out separately on page 28 hereof and the combined statement of earnings of companies acquired during the six months ended May 31, 1968 for periods prior to acquisition is set out separately on page 30 hereof.

9. Income Taxes

It is not the practice to record in the accounts deferred income taxes which result from claiming capital cost allowances in excess of depreciation. Had deferred income taxes been recorded in the accounts, taxes charged (credited) to income would have been: 1968 (six months)—$142,000, 1967 (six months)—Nil, 1967—($27,882), 1966—$429,300, 1965—$297,700, 1964—$228,000 and 1963—$156,500 and net earnings would have been: 1968 (six months)—$1,204,289, 1967 (six months)—$509,915, 1967—$2,096,743, 1966—$456,215, 1965—$312,637, 1964—$224,485 and 1963—$169,466. The income tax reductions resulting from the above practice aggregate $232,000 at November 30, 1967 and $282,000 at May 31, 1968.

Income taxes have been reduced by the application of losses carried forward by companies acquired in the 1967 and 1968 fiscal years as follows: 1968 (six months)—$416,000, 1967 (six months)—$300,000, 1967—$1,290,000 and 1967 income taxes have also been reduced by $18,000 by the application of a loss incurred in 1967. Income taxes otherwise payable would have been: 1968 (six months)—$508,000, 1967 (six months)—$300,000, and 1967—$1,290,000. Losses were available to offset future earnings in certain of the companies acquired in the 1967 fiscal year as follows:

	May 31, 1968	November 30, 1967
Companies acquired in 1967 Fiscal Year		
From 1966	$1,744,000	$2,215,000
From 1964	—	106,000
Companies acquired in 1968 Fiscal Year		
From 1967	349,000	—
	2,093,000	$2,321,000

Some of the acquired companies have appealed certain assessments (fully provided for in the accounts). In the event that these appeals are successful, losses available at November 30, 1967 and May 31, 1968 to offset future earnings would be increased by $310,000.

10. Rent

Rent expense for 1967 amounts to $564,013 and for the six months ended May 31, 1968—$291,139. On leases existing as at November 30, 1967 the aggregate of the minimum amounts that will be incurred as rental expense in the five years ended November 30, 1972 amounts to $2,097,971. On leases existing as at May 31, 1968 the minimum amounts that will be incurred as rental expense in the five years ended May 31, 1973 amounts to $2,306,351.

Companies Acquired as at December 31, 1966 (Note 1)

Combined Statement of Earnings

	PPD, Dawson, K &M, Lee-Bern, Johnston, Mc & Mc, Western and Vanisle year ended December 31, 1966	PPD, Dawson, K &M, Lee-Bern, Johnston, Mc & Mc and Western year ended December 31, 1965 Vanisle two months ended December 31, 1965	PPD, Dawson, K & M and Mc & Mc year ended December 31, 1964 Johnston fifteen months ended December 31, 1964 Western nine months ended December 31, 1964	PPD, Dawson and K & M year ended December 31, 1963 Johnston year ended September 30, 1963 Mc & Mc from June 10, 1963 to December 31, 1963 Western from June 10, 1963 to March 31, 1964
	1966	1965	1964	1963
Sales	$72,096,971	$67,137,901	$64,438,245	$60,652,411
Investment income	16,412	39,647	34,029	26,176
	72,113,383	67,177,548	64,472,274	60,678,587
Costs and operating expenses other than those shown separately	73,996,546	66,432,965	63,350,195	59,098,437
Depreciation (note 2)	448,148	416,555	370,949	358,173
Interest on long term debt	394,665	385,820	361,191	391,960
Special charges (note 3)	1,123,298	738,422	90,813	—
	75,962,657	67,973,762	64,173,148	59,848,570
Earnings (loss) before the undernoted	(3,849,274)	(796,214)	299,126	830,017
Income taxes (note 4)	241,113	(67,326)	275,138	311,719
Earnings (loss) before minority interest and profit (loss) on sale of fixed assets and investments	(4,090,387)	(728,888)	23,988	518,298
Profit (loss) on sale of fixed assets and investments	(292,278)	407,552	(132,000)	237,988
	(4,382,665)	(321,336)	(108,012)	756,286
Minority interest (dividends on preferred shares of subsidiary companies)	33,942	44,811	34,280	39,257
Net earnings (loss)	$(4,416,607)	$ (366,147)	$ (142,292)	$ 717,029

Notes to the Combined Statement of Earnings

Companies acquired as at December 31, 1966

1. Companies Included

The combined statement of earnings includes earnings of the following companies:

Prairie Pacific Distributors Limited and its subsidiary companies for the four years ended December 31, 1966. The operations of this group of companies were carried on in 1966 principally by Prairie Pacific Distributors Western Limited, Prairie Pacific Distributors Eastern Limited and Canadian Electronics Ltd. and in prior years by these or predecessor subsidiary companies of Prairie Pacific Distributors Limited,

J. J. Dawson Limited and its subsidiary company H. C. Burton Company Limited for the four years ended December 31, 1966,

K & M Hardware Company Limited for the four years ended December 31, 1966,

Lee-Bern Electronics Limited and its subsidiary companies for the two years ended December 31, 1966,

Johnston Appliances Ltd. for the four years and three months ended December 31, 1966 and its partly owned subsidiary company, McLennan, McFeely & Prior Limited and its subsidiaries since acquisition by Johnston Appliances Ltd. on June 10, 1963. The principal operating subsidiaries of McLennan, McFeely & Prior Limited were Westward Realties Limited, Fred C. Myers Ltd., Western Agencies Limited and Mc & Mc Trading Company Limited for the period from June 10, 1963 to December 31, 1966 and Vanisle Equipment Limited for the period October 1, 1965 to December 31, 1966.

"PPD" refers to those operations carried on by Prairie Pacific Distributors Limited and subsidiary companies.

"Dawson" refers to those operations carried on by J. J. Dawson Limited and subsidiary company.

"K & M" refers to those operations carried on by K & M Hardware Company Limited.

"Lee-Bern" refers to those operations carried on by Lee-Bern Electronics Limited and subsidiary companies.

"Johnston" refers to those operations carried on by Johnston Appliances Ltd.

"Mc & Mc" refers to those operations carried on by McLennan, McFeely & Prior Limited and subsidiary companies except Western Agencies Limited and Vanisle Equipment Limited.

"Western" refers to those operations carried on by Western Agencies Limited.

"Vanisle" refers to those operations carried on by Vanisle Equipment Limited.

2. Depreciation

Had the 1967 depreciation rates been used by McLennan, McFeely & Prior Limited and its subsidiaries in prior years, earnings would be lower and depreciation higher as follows: 1966—$101,971, 1965—$129,840, 1964—$200,320 and 1963—$220,769. At December 31, 1966 the fixed assets of McLennan, McFeely & Prior Limited and its subsidiary companies were appraised by the Canadian Appraisal Company Limited at a value which approximated the net book value at that date.

3. Special Charges

Special charges against earnings are comprised as follows:

	1966	1965	1964
Exceptional devaluation of inventory	$ 580,893	$503,780	
Management past service pension payments	83,000		
Severance and vacation payroll costs	444,405	50,000	
Lease, mortgage and real estate contract costs	15,000	106,642	$90,813
Moving costs		78,000	
	$1,123,298	$738,422	$90,813

4. Income Taxes

Income taxes reflect assessments received to date and the allocation to loss years of income tax credits applicable to those years. At the end of the 1966 fiscal period losses aggregating $4,653,000 were available in certain of the companies to offset future earnings as follows: from 1966—$4,110,000, 1965—$332,000, 1964—$201,000 and 1963—$10,000.

Certain of the assessments received by the Prairie Pacific group of companies (fully provided for in the accounts) are under appeal. In the event that these appeals are successful, income taxes of $220,000 would be recovered and the losses available at December 31, 1966 to offset future earnings would be increased by $310,000.

To the Directors of
Acklands Limited

We have prepared the combined statement of earnings of the companies set out in Note 1 to the statement for the fiscal periods set out in the heading to the statement. In those instances in which we were not the auditors of the companies, we were provided with financial statements and reports thereon of the auditors concerned.

We are not in a position to express an opinion as to the overall fairness of this statement; however, we report that:

(*a*) in our opinion the individual statements of earnings which we examined present fairly the results of operations for the various fiscal periods in accordance with generally accepted accounting principles applied on a consistent basis,

(*b*) the other auditors have reported that in their opinions the individual statements of earnings which they examined present fairly the results of operations for the various fiscal periods in accordance with generally accepted accounting principles applied on a consistent basis, and

(*c*) in our opinion the statements have been combined in accordance with generally accepted accounting principles applied on a consistent basis.

Winnipeg, Canada
March 29, 1968

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants

Companies Acquired Subsequent to November 30, 1967 (note 1)

Combined Statement of Earnings

	Delisle and Taylor year ended December 31, 1967 Marshall eleven months ended December 31, 1967 Paul fifteen months ended December 31, 1967	Delisle and Taylor years ended December 31, 1965 and 1966 Marshall years ended January 31, 1966 and 1967 Paul years ended September 30, 1965 and 1966		Delisle and Taylor year ended December 31, 1964 Paul year ended September 30, 1964	Delisle and Taylor year ended December 31, 1963 Paul nine months ended September 30, 1963
	1967	1966	1965	1964	1963
Sales	$22,810,688	$23,057,631	$21,469,777	$18,482,445	$17,486,759
Investment income	21,764	17,547	384	218	5,026
	22,832,452	23,075,178	21,470,161	18,482,663	17,491,785
Costs and operating expenses other than those shown separately	22,140,393	22,450,342	20,776,734	17,934,342	16,979,619
Depreciation	160,739	173,424	190,361	193,844	164,265
Interest on long term debt	51,331	39,321	45,108	45,006	29,604
Special charges (note 2)	308,000	62,144	100,000	—	—
	22,660,463	22,725,231	21,112,203	18,173,192	17,173,488
Earnings before the undernoted	171,989	349,947	357,958	309,471	318,297
Income taxes (note 3)	302,323	268,057	187,362	182,526	139,353
Earnings (loss) before profit on sale of fixed assets and investments	(130,334)	81,890	170,596	126,945	178,944
Profit on sale of fixed assets and investments	32,894	12,293	22,794	29,887	35,574
Net earnings (loss)	(97,440)	$ 94,183	$ 193,390	$ 156,832	$ 214,518

Notes to the Combined Statement of Earnings of Companies Acquired Subsequent to November 30, 1967

1. Companies Included

The combined statement of earnings includes earnings of the following companies:

Delisle Ltd. and its wholly owned subsidiary company, Dal Warehousing Ltd., for the five years ended December 31, 1967,

The George Taylor Hardware Limited and its wholly owned subsidiary companies, Mines Assay Supplies Limited, Taylor Hardware Quebec Limited, and Taylor Hardware Sales (Temiskaming) Limited for the five years ended December 31, 1967,

Marshall-Ecclestone Limited, a wholly owned subsidiary of The George Taylor Hardware Limited, for the period from February 1, 1965 to December 31, 1967,

H. C. Paul Limited for the five years ended December 31, 1967.

The earnings of N. Morrisette Diamond Drilling Limited, a subsidiary of The George Taylor Hardware Limited acquired by that company in 1966, have not been included as this company was resold effective December 31, 1967.

"Delisle" refers to those operations carried on by Delisle Ltd. and Dal Warehousing Ltd.

"Taylor" refers to those operations carried on by The George Taylor Hardware Limited, Mines Assay Supplies Limited, Taylor Hardware Quebec Limited and Taylor Hardware Sales (Temiskaming) Limited.

"Marshall" refers to those operations carried on by Marshall-Ecclestone Limited.

"Paul" refers to those operations carried on by H. C. Paul Limited.

2. Special Charges

Special charges against earnings are comprised as follows:

	1967	1966	1965
Management past service pension payments	$ 27,000	$45,000	$100,000
Exceptional devaluation of inventory	281,000	17,144	
	$308,000	$62,144	$100,000

3. Income Taxes

Income taxes reflect assessments received to date and the allocation to loss years of income tax credits applicable to those years. At the end of the 1967 fiscal period losses aggregating $552,000 are available in certain of the companies to offset future earnings as follows: from 1967—$421,000, 1966—$131,000.

4. Rent

Rent expense for 1967 amounts to $115,975 and the aggregate of the minimum amounts that will be incurred as rental expense in the next five years amounts to $315,831.

To the Directors of
Acklands Limited

We have prepared the combined statement of earnings of the companies set out in Note 1 to the statement for the fiscal periods set out in the heading to the statement. In those instances in which we were not the auditors of the companies, we were provided with financial statements and reports thereon of the auditors concerned.

We are not in a position to express an opinion as to the overall fairness of this statement; however, we report that:

(*a*) in our opinion the individual statement of earnings which we examined presents fairly the results of operations for the fiscal period in accordance with generally accepted accounting principles applied on a consistent basis,

(*b*) the other auditors have reported that in their opinions the individual statements of earnings which they examined present fairly the results of operations for the various fiscal periods in accordance with generally accepted accounting principles applied on a consistent basis, and

(*c*) in our opinion the statements have been combined in accordance with generally accepted accounting principles applied on a consistent basis.

Winnipeg, Canada
March 29, 1968

Thorne, Gunn, Helliwell & Christenson
Chartered Accountants

SCHEDULE

The one million (1,000,000) Second Preference Shares shall, as a class, carry and be subject to the preferences, rights, conditions, restrictions, limitations and prohibitions hereinafter set forth and reference to one class or series of shares ranking on a parity with another class or series of shares shall mean ranking on a parity with respect to payment of dividends and distribution of assets in the event of the liquidation, dissolution or winding up of the Company whether voluntary or involuntary to the extent of their respective rights in that connection:

(*a*) The Second Preference Shares may at any time or from time to time be issued in one (1) or more series, each series to consist of such number of shares as may before the issue thereof be determined by the directors. The directors of the Company may (subject as hereinafter provided) by resolution fix from time to time before the issue thereof the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Second Preference Shares of each series including, without limiting the generality of the foregoing, the rate of preferential dividends, the dates of payment thereof, the redemption price and terms and conditions or redemption, conversion rights (if any) and any sinking fund or other provisions, the whole subject to the issue of supplementary letters patent setting forth the designation, preferences, rights, conditions, restrictions, limitations or prohibitions attaching to the Second Preference Shares of such series.

(*b*) The Second Preference Shares of each series shall be entitled to preference over the Common Shares of the Company, and any other shares ranking junior to the Second Preference Shares, with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs and may also be given such other preferences over the Common Shares of the Company and any other shares ranking junior to the Second Preference Shares as may be determined as to the respective series authorized to be issued.

(*c*) The Second Preference Shares of each series shall rank on a parity with the Second Preference Shares of every other series with respect to priority in payment of dividends and in the distribution of assets in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, or any other distribution of the assets of the Company among its shareholders for the purpose of winding up its affairs.

(*d*) The holders of the Second Preference Shares shall not be entitled as such (except as hereinafter specifically provided) to receive notice of or to attend any meeting of the shareholders of the Company or to vote at any such meeting (but shall be entitled to receive notice of meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale of its undertaking or a substantial part thereof) unless and until the Company from time to time shall fail to pay dividends for a period aggregating two years on the Second Preference Shares of any one (1) series on the dates on which the same should be paid according to the terms thereof and until dividends for a period aggregating two years on such shares shall remain outstanding and be unpaid whether or not consecutive and whether or not such dividends have been declared and whether or not there are any moneys of the Company properly applicable to the payment of dividends; thereafter but only so long as any dividends on the Second Preference Shares of any series remain in arrears the holders of the Second Preference Shares shall be entitled to receive notice of and to attend all meetings of shareholders of the Company and shall be entitled to one (1) vote in respect of each Second Preference Share held.

(*e*) The authorization required by subsection 5 of section 43 of The Companies Act to delete or vary any preference, right, condition, restriction, limitation or prohibition attaching to the Second Preference Shares as a class or to create preference shares ranking in priority to or on a parity with the Second Preference Shares may be given by at least two-thirds (⅔) of the votes cast at a meeting of the holders of the Second Preference Shares duly called for that purpose and held upon at least fifteen (15) days' notice at which the holders of at least two-fifths (⅖) of the outstanding Second Preference Shares are present or represented by proxy. If at any such meeting the holders of two-fifths (⅖) of the outstanding Second Preference Shares are not present or represented by proxy within one-half (½) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fourteen (14) days later and to such time and place as may be appointed by the Chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Second Preference Shares present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (⅔) of the votes cast at such meeting shall constitute the authorization of the holders of the Second Preference Shares referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders.

Three hundred and seventy-three thousand, five hundred and seventeen (373,517) of the said Second Preference Shares are hereby designated as "6% Cumulative Redeemable Convertible Second Preference Shares Series A" and in addition to the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to all Second Preference Shares as a class, the preferences, rights, conditions, restrictions, limitations and prohibitions attaching to the 6% Cumulative Redeemable Convertible Second Preference Shares Series A (hereinafter called the "Second Preference Shares Series A") shall be as follows:

1. No Second Preference Shares Series A shall be issued except as fully paid and non-assessable.

2. The holders of the Second Preference Shares Series A shall be entitled to receive and the Company shall pay to them, as and when declared by the board of directors of the Company out of moneys of the Company properly applicable to the payment of dividends, fixed preferential cumulative cash dividends (herein referred to as the "fixed preferential dividends") at the rate of six per cent (6%) per annum, payable half-yearly on the last days of May and November, on the amounts from time to time paid up thereon, by cheque of the Company, payable at par at any branch in Canada of the Company's bankers for the time being; the fixed preferential dividends shall accrue and be cumulative from July 1, 1968 upon all of the Second Preference Shares Series A issued on or before August 31, 1968 and thereafter with respect to any Second Preference Shares Series A issued on or after September 1, 1968 from such date or dates, not later than six (6) months after the respective dates of issue, as may in the case of each issue be determined by the directors of the Company and in case no date be so determined, then from the date of allotment; the holders of the Second Preference Shares Series A shall not be entitled to any dividends other than or in excess of the fixed preferential dividends hereinbefore provided for; if on any dividend payment date the dividend payable on such date is not paid in full on all of the Second Preference Shares Series A then issued and outstanding, such dividend or the unpaid part thereof shall be paid on a subsequent date or dates determined by the board of directors of the Company on which the Company shall have sufficient moneys properly applicable to the payment of the same.

3. At any time subsequent to June 30, 1970, the Company shall have the right to redeem all the outstanding Second Preference Shares Series A on payment for each share to be redeemed of the amount paid up thereon, together with a premium of One Dollar ($1) and all accrued and unpaid dividends thereon (for which purpose the fixed preferential dividends shall be treated as accruing to the date of redemption), the whole amount constituting and being herein called the "redemption price".

4. Whenever the Second Preference Shares Series A are to be redeemed notice of redemption shall be given by the Company by a letter or circular mailed by prepaid ordinary post in an envelope addressed to each person who, at the date of such mailing, is the registered holder of Second Preference Shares Series A, at his last address appearing on the register, not less than thirty (30) clear days prior to the redemption date; every such notice shall specify the redemption date, the redemption price and shall state that the redemption price will be paid to the respective registered holders of the Second Preference Shares Series A on presentation and surrender of the certificates representing such shares at the place or at one (1) of the places of payment named in the notice and that dividends shall cease to accrue upon the said shares from and after the redemption date; on and after the redemption date the Company shall pay or cause to be paid to or to the order of the holders of the Second Preference Shares Series A the redemption price on presentation and surrender of the respective certificates representing such shares at the place or at one (1) of the places named in the notice; provided that if notice of any such redemption be given as aforesaid and an amount equal to the redemption price of all the Second Preference Shares Series A then outstanding be deposited on or before the redemption date at the principal office in the City of Winnipeg of a chartered bank of Canada or of a trust company carrying on business in the Province of Manitoba as may be specified in the notice of redemption, the Second Preference Shares Series A shall be redeemed on the redemption date specified in the notice and the rights of each holder thereof shall be limited to receiving, without interest, his proportionate part of the total redemption price so deposited upon presentation and surrender of the certificate or certificates held by him.

5. Subject to the provisions of clause 6 hereof, the Company may from time to time purchase for cancellation some or all of the Second Preference Shares Series A in the market or upon some recognized stock exchange if listed and dealt in by the members thereof or pursuant to tenders received by the Company upon request for tenders addressed to all holders of record of Second Preference Shares Series A, at the lowest price at which in the opinion of the directors such shares are obtainable, but not exceeding an amount per share equal to the redemption price at the date of purchase of the Second Preference Shares Series A being purchased, plus reasonable costs of purchase.

6. No dividends shall at any time be declared or, having been declared, be paid on or set apart for the Common Shares or any other shares of the Company junior to the Second Preference Shares Series A nor shall the Company purchase any Second Preference Shares Series A less than the total amount then outstanding unless all dividends up to and including the dividend payable for the last completed half (½) year on the Second Preference Shares Series A then issued and outstanding shall have been declared and paid or provided for at the date of such declaration or payment or setting apart or purchase.

7. Upon and subject to the terms and conditions hereinafter set forth, any holder of Second Preference Shares Series A shall be entitled at his option at any time after June 1, 1970 to have all or any of the Second Preference Shares Series A held by him converted into fully paid Common Shares without par value of the Company on the basis of one such Common Share for each Second Preference Share Series A in respect of which the conversion privilege is exercised plus the sum of One Dollar ($1) in Canadian funds paid to the Company with respect to each such share.

The conversion privilege herein provided for may only be exercised by notice in writing given to any transfer agent of the Company for the Second Preference Shares Series A accompanied by the certificate or certificates for Second Preference Shares Series A in respect of which the holder thereof desires to exercise such right of conversion and a certified cheque payable to the Company in an amount equal to One Dollar ($1) per Second Preference Share Series A in respect of which such conversion right is being exercised; such notice shall be signed by the person registered on the books of the Company as the holder of the Second Preference Shares Series A in respect of which such conversion right is being exercised or by his duly authorized attorney and shall specify the number of Second Preference Shares Series A which the holder desires to have converted; upon the said transfer agent receiving such notice, the Company shall issue certificates for Common Shares at the applicable rate herein prescribed and in accordance with the provisions hereof to the registered holder of the Second Preference Shares Series A represented by the certificate or certificates accompanying such notice; if less than all the Second Preference Shares Series A represented by any certificate are to be converted the holder shall be entitled to receive a new certificate representing the Second Preference Shares Series A comprised in the original certificate which are not to be converted.

If the Second Preference Shares Series A are called for redemption, the right of conversion thereof shall cease and terminate at the close of business on the third (3rd) day prior to the date fixed for redemption provided that if the Company shall fail to redeem the Second Preference Shares Series A in accordance with the notice of redemption, the right of conversion shall thereupon be restored and continue as before.

Upon conversion of any Second Preference Shares Series A the Company shall make no payment or adjustment on account of any dividends on the Common Shares issuable upon such conversion or on account of any accumulated or unpaid dividends on the Second Preference Shares Series A certificates for which are surrendered for conversion.

In the event of any consolidation, subdivision or change in the Common Shares of the Company into a different number or different class of shares, the Company shall deliver at the time of the exercise of the right of conversion by the holders of any Second Preference Shares Series A a certificate or certificates for such different number or different class or classes of shares as would have resulted from such consolidation, subdivision or change as if the right of conversion had been exercised immediately prior to the date of such consolidation, subdivision or change.

If the Company shall declare and pay a stock dividend upon the Common Shares or a dividend payable at the option of the respective holders either in Common Shares or cash, then in each such case from and after the payment date of such dividend the conversion rate shall be increased in proportion to the increase in the number of outstanding Common Shares resulting from such dividend.

The Company shall not issue fractional shares upon any conversion but in lieu thereof, the Company shall issue bearer non-voting and non-dividend bearing fractional certificates in a form approved by the board of directors.

All shares issued for the purpose of or with respect to any conversion of Second Preference Shares Series A into Common Shares or the consolidation of scrip certificates and of shares sold under the foregoing provisions shall be deemed to be fully paid and non-assessable.

Nothing herein contained shall affect or restrict the right of the Company to increase the number of its Common Shares without par value and to issue Common Shares from time to time.

8. The Company shall, in the twelve-month period ending May 31, 1971 and in each twelve-month period thereafter, apply (subject to the provisions of clause 6 hereof) to the retirement of Second Preference Shares Series A by purchase for cancellation an amount equal to One Hundred Thousand Dollars ($100,000) after deducting therefrom the aggregate par value of all Second Preference Shares Series A

converted into Common Shares during the twelve (12) month period in question; provided that no such application shall be required to be made in any period except to the extent that Second Preference Shares Series A are available for purchase by the Company in such period at a price not exceeding an amount equal to the redemption price plus costs of purchase; provided that any amount not so applied in any such period by reason of the foregoing proviso or by reason of the provisions of clause 6 hereof shall not be required to be so applied in any succeeding twelve (12) month period.

9. So long as any of the Second Preference Shares Series A are outstanding, no series of Second Preference Shares shall be authorized which shall

(i) have a dividend rate in excess of six per cent (6%) per annum on the amounts from time to time paid up thereon, or

(ii) be entitled to receive upon liquidation, dissolution or winding up of the Company or upon redemption a sum in excess of one hundred and six per cent (106%) of the amounts paid up thereon plus a sum equivalent to all unpaid dividends accumulated thereon, or

(iii) be convertible into Common Shares of the Company on a basis that provides for the issue of Common Shares (as presently constituted) of the Company at a consideration equivalent to less than Seventeen Dollars ($17) per Common Share, with the value of the Second Preference Shares being converted being taken at the amount paid up thereon.

10. The authorization required by subsection 5 of section 43 of The Companies Act to delete or vary the provisions of the foregoing clauses (1) to (9) inclusive may be given by at least two-thirds (⅔) of the votes cast at a meeting of the holders of the Second Preference Shares Series A duly called for that purpose and held upon at least fifteen (15) days' notice at which the holders of at least a two-fifths (⅖) of the outstanding Second Preference Shares Series A are present or represented by proxy. If at any such meeting the holders of two-fifths (⅖) of the outstanding Second Preference Shares Series A are not present or represented by proxy within one-half (½) hour after the time appointed for such meeting, then the meeting shall be adjourned to such date being not less than fourteen (14) days later and to such time and place as may be appointed by the Chairman and not less than ten (10) days' notice shall be given of such adjourned meeting but it shall not be necessary in such notice to specify the purpose for which the meeting was originally called. At such adjourned meeting the holders of Second Preference Shares Series A present or represented by proxy may transact the business for which the meeting was originally called and a resolution passed thereat by not less than two-thirds (⅔) of the votes cast at such meeting shall constitute the authorization of the holders of the Second Preference Shares Series A referred to above. The formalities to be observed in respect of the giving of notice of any such meeting or adjourned meeting and the conduct thereof shall be those from time to time prescribed by the by-laws of the Company with respect to meetings of shareholders.